



# **The Saskatchewan WHEAT POOL**



— *by* —  
**S. W. YATES**

PUBLISHED BY THE UNITED FARMERS OF CANADA  
(SASK. SEC. LTD.), SASKATOON, SASK.

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## NOTICES OF APPRECIATION

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"I believe you have written the best account to hand of the wheat pools in general, and particularly of the Saskatchewan Wheat Pool, and I am saying so loudly. I have put in a short 'Editor's Note' indicating that you are pre-eminently fitted to write the history of the Saskatchewan Wheat Pool."—*The late Dr. A. S. Morton, April 26, 1943.*

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"I certainly congratulate you on the thoroughness with which you have gone into the details of resolutions and vital dates.

"Your very excellent story of the Saskatchewan Wheat Pool would have to be included in any comprehensive history of the pool movement."—*W. A. McLeod, Publicity Director, Canadian Co-operative Wheat Producers, Ltd., Winnipeg, Man., October, 1934.*

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"Having had intimate knowledge of the creation of commodity pools in Saskatchewan, I am moved to say that your great work will prove to be the outstanding factual recording of a memorable romantic triumph of undaunted people and some visionary leaders, the value of which will grow and be ever more appreciated as the years roll by."—*G. R. Bickerton, President, United Farmers of Canada, January 15, 1942.*

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# The Saskatchewan Wheat Pool

*Its Origin, Organization  
and Progress*

1924-1935



WITH SOME REFERENCE TO THE ALBERTA AND MANITOBA  
POOLS, AND TO THE POOLS' CENTRAL SELLING AGENCY

By

**S. W. YATES**

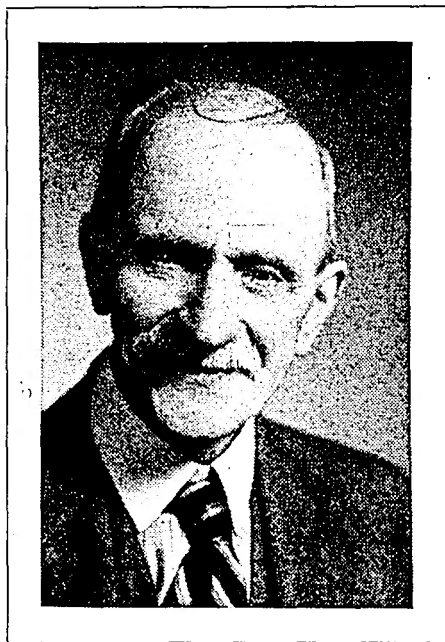
IN THE SERVICE OF THE SASKATCHEWAN GRAIN GROWERS'  
ASSOCIATION AND OF THE UNITED FARMERS OF CANADA  
FROM 1915 TO 1939

EDITED BY

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*Published by the United Farmers of Canada  
(Sask. Sec. Ltd.), Saskatoon, Sask.*





S. W. YATES

*In the service of the Saskatchewan Grain Growers' Association  
and of the United Farmers of Canada from 1915 to 1939*



# Dedication

*To my dear wife, without whose  
willing sacrifice of many hours  
of companionship this story could  
not have been written.*

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## *The Editor's Prefatory Note.*

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Mr. S. W. Yates was born at Lees, near Oldham, Lancashire, England, in 1865. At five years of age he was placed in a Public Elementary School in Oldham, a large cotton and machinery manufacturing town. At eight, in accordance with custom at that time, he was sent to work half-time in a cotton-mill, going to school in the other half of the day. At thirteen, when he left school for full-time work in the mill, he was studying mathematics, French, freehand drawing, map drawing from memory, and other subjects. There followed a period in which he studied music in his spare time, and even held an occasional appointment as a church organist. Then his interest in political, social and economic questions took precedence, and he began to write to the local press.

At twenty-eight, he married Elizabeth Alice Williams, a native of Rochdale, Lancashire, the home of the co-operative movement, and shortly afterwards they joined the Oldham Industrial Co-operative Society. For several years in succession Oxford University Extension Lectures were arranged by the Society. Mr. Yates attended them, took the examinations, and passed with "distinction." He was instrumental in securing the establishment of a Debating Club in connection with the Co-operative, at which he read papers from time to time.

In 1905 Mr. Yates was appointed editor of the Oldham Industrial Society's *Co-operative Record*, and held the position till he crossed the sea to Canada in 1913, and settled in Moose Jaw. Naturally, he became interested in the co-operative organizations of the farmers of the Prairie West. In 1915 he was appointed to the staff of the Saskatchewan Grain Growers' Association and, at its amalgamation with the Farmers' Union of Canada, was transferred, with that staff, to the new corporation, The United Farmers of Canada. He was for some years its Director of Publicity until his retirement in 1939, in his seventy-fourth year. In this position he was in close contact with the organization of the Saskatchewan Wheat Pool, and in a position to quote freely from the documents of the several organizations contributing to the development of the Pool.

It will be seen that Mr. Yates's story of the rise of the Wheat Pool is no string of reminiscences. Rather, he has succeeded in effacing himself. This is a careful study by a man interested, to begin with, in co-operative enterprise, and thoroughly familiar with the course of affairs which issued in the establishment of the Saskatchewan Pool. Further, he is not without authentic information about the Pools of Alberta and of Manitoba, and about the Central Selling Agency, more strictly, the Canadian Co-opera-

tive Wheat Producers, Ltd. So interested was he that he kept gathering the material and writing the account which is here presented.

Most sketches of the Wheat Pools are, so to say, taken from the distance. They give the picture seen as a whole, but are not interested in the personalities, or in the clash of groups of interests. We have here from Mr. Yates a near view, the view as seen in the Prairie West. For example, we see the clash of the believers in the contract pool with the officials of the Saskatchewan Co-operative Elevator Company, and with Mr. J. A. Maharg, its President, in particular—men who feared (and feared correctly) that the Pool would absorb their corporation. Similarly, we see the opposition displayed to the Wheat Pool by what, at the time, was known as "The Concentrated Press."

Mr. Yates takes delight in noting the atmosphere of meetings held by Mr. Aaron Sapiro and others, and he passes on to us the thunders of applause. He records the hesitancies of one principal party, to events, and another. In a word, here is the story of the Saskatchewan Wheat Pool as understood by an intelligent and well-informed personage, living in the West and watching the West and the successive phases of its movement with knowledge and perception.

ARTHUR S. MORTON.

## Preface.

In compiling this story of the origin, organization and progress of the Saskatchewan Wheat Pool, I had the fullest access, as a member of the staff of the United Farmers of Canada, to all official documents of its predecessors, the Saskatchewan Grain Growers' Association and the Farmers' Union of Canada, whose amalgamation gave birth to the United Farmers of Canada in the year 1926. I was also favoured with extracts bearing on the subject from the official minutes of the Canadian Council of Agriculture, the United Farmers of Alberta, and the Alberta Wheat Pool.

I am indebted to Mr. R. D. Colquette, Associate Editor of *The Country Guide*, for valuable information relating to the origin of the pooling idea, of which he had made a close study in the United States, and of its introduction into and development on the North American continent, and also to former Premier Brownlee, of Alberta, Mr. C. W. Peterson, editor of *The Farm and Ranch Review*, Mr. H. E. G. H. Scholefield, past vice-president of the U.F.A., Mr. Rice-Jones, formerly of the United Grain Growers, Ltd., various officials of the Wheat Pool, and past officials of the Saskatchewan Grain Growers' Association and the Farmers' Union of Canada, for information of great value, and the elucidation of a number of points in connection with the organization of the Pool. I am further indebted to the Annual Reports of the Pool, to *The Western Producer* and also to the daily press for information which had no place in any official records, and much of which otherwise could not have been obtained. This applies particularly to proceedings in Parliament and the World Wheat Conferences.

I have relied throughout, as far as possible, on documentary evidence, coupled with my own personal knowledge of most of the events prior to and those relating to the actual organization of the Pool, and, except where it has been absolutely essential, have avoided making use of personal statements which, owing to the lapse of time, would be liable to error. Even where such statements have been used I have endeavoured in every case to secure verification from other sources. In every way, in fact, I have endeavoured to make it as accurate an account of the origin, organization and progress of the Pool as possible. I have also thought it advisable to touch on a few points which, while they do not bear directly on the organization of the Saskatchewan Wheat Pool, yet had such an influence on it that they could not very well be omitted.

One fact became very evident to me in the course of my earlier investigations, viz., that a considerable amount of prejudice against and suspicion of the motives of others still existed, chiefly owing to the division and rivalry in the farmers' movement of the province, which prevailed until the summer of 1926, when amal-

gamation was effected by the two organizations already mentioned. For this reason, I avoided making use of any statement where such prejudice was evident, and particularly in the case of Dr. H. W. Wood and Mr. Aaron Sapiro, who were involved in a most regrettable public controversy on the occasion of Mr. Sapiro's last visit to Saskatchewan in connection with the Pool.

In conclusion I must record my great indebtedness to the late Dr. Arthur S. Morton, Emeritus Professor of History in the University of Saskatchewan, who showed the greatest interest in this story and who, voluntarily, offered to edit the work and to write the Prefatory Note herewith. That a scholar of his eminence and great experience should have done me this service is an honour which I appreciate most highly. I greatly regret that he was not spared long enough to see the work in its final form.

*S.W. Yates*





AARON SAPIRO

*An Expert in Centralized Commodity Marketing*

## *Introductory.*

In the month of August, in the year 1923, there came to the Province of Saskatchewan a missionary with what was then regarded by many in the province as a new economic gospel—the gospel of centralized commodity marketing on a province-wide basis. This missionary took the province, as it were, by storm. A member of the Jewish race, low in stature, dark in complexion, energetic, eloquent, courageous, brilliant, impatient even of the applause with which his speeches were punctuated, ever on the lookout for the slightest sign or suspicion of opposition, quick and keen in retort, cutting in his sarcasm and invective, he passed like a brilliant meteor from point to point, leaving behind him, as it were, a trail of light stretching like the tail of a comet across the heavens.

The farmers of the province especially, who were those chiefly concerned, were electrified, aroused and stirred to a deep feeling of unity, and immediately (even before he left the province for the place whence he came) a whirlwind campaign was commenced throughout the length and breadth of Saskatchewan in the hope, if not the belief, which he had instilled into them that, late in the season though it was, it would be possible to organize the farmers of the province in time to market through a Pool the crop that even then was fast maturing.

In this they failed, and again the missionary came, in the month of February, 1924, in an endeavour to light the spark of renewed hope. In this endeavour he succeeded. The campaign was renewed. It, too, succeeded and, in the early spring of that year, the Saskatchewan Co-operative Wheat Producers Limited became an accomplished fact. The missionary was Aaron Sapiro, to whom, more than to any other one person, this greatest of the world's pools owes its existence.

It is the object of this book to trace the origin of the pooling idea, to record the principal events which led to the demand for the Pool, to outline as fully as possible the true story, as revealed in the official records, of the actual organization of the Pool in Saskatchewan, and to give an account of its subsequent progress.



## CHAPTER ONE

### THE ORIGIN AND GROWTH OF THE POOLING IDEA

The pooling idea, as it applies to the marketing of farm products, was not a sudden inspiration, but rather a very gradual growth. For many years prior to the organization of the Saskatchewan Wheat Pool, the idea had been taking root in the minds of the people both of Canada and the United States. Referring to this point, in answer to an enquiry by the author, Mr. R. D. Colquette, Associate Editor of *The Country Guide*, who has given considerable study to the history of the pooling movement, says: "It is impossible to give a direct reply to your question as to who was responsible for the introduction of the pooling idea into America. Ideas were borrowed from Denmark, and put to the test of practical experience, and out of this experience arose the two forms of organization which predominate; the federated type and the centralized type, the latter of which spread all over North America as a result of Sapiro's organizing genius, and has had applied to it the handy word 'Pool'."\*

In the opinion of Mr. Colquette, the terms "pool" and "pooling" are "not as definite and clear-cut concepts as they are popularly supposed to be," and in tracing the history of pooling the same difficulty is encountered. "I think," says he, "that the use of the word 'pool' should first be confined to those organizations which do not buy the product of their members at the current market prices, and (which) distribute excess profits, if any, on a basis of patronage . . . in most cases paying an initial advance payment which is less than the current price. But at that we are led back to the beginnings of co-operation in Canada and the United States which ante-date the rise of co-operative marketing in Denmark, from which co-operation on this continent is popularly supposed to have drawn its first object lessons."

Dealing with this latter point, Mr. Colquette says: "As we go back further into the history of co-operative marketing, however, the use of the words 'pools' and 'pooling' have less and less prominence. In Prince Edward Island an egg circle movement was inaugurated, in 1913, which pooled each week's returns, but did not use the term 'pool.' The same thing happened with fruit in British Columbia. In Ontario there are hundreds of privately owned cheese factories, the product of which is sold every week or every two weeks, and the proceeds distributed to the patrons according to the price received for the whole. This has been going on for sixty years, though such privately owned cheese factories are not co-operative in any sense of the term. In California the fruit marketing organizations from the earliest days have been

\* Letter of Mr. Colquette to the author dated Oct. 16, 1929.

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pooling, and all over the United States there are marketing organizations which have been operated on the same basis for scores of years. In fact, any organization which actually markets the products of its members or patrons in bulk, and not each individual's products separately must, perforce, use the pooling system."

According to Mr. Colquette, co-operative marketing in its relation to the pool on this continent, had its chief origin with the raisin growers of California. The form of their organization greatly impressed Sapiro, who applied the idea of centralized co-operative selling to wide areas within state or provincial boundaries. To this system he applied the word "pool." "Although," says Mr. Colquette, "the early California organizations, like the raisin growers and the Sunkist orange people, as well as Sapiro and Weinstock,"—the latter of whom, as the Markets Commissioner of California, first gave Sapiro his chance as a marketing expert by appointing him as his private attorney—"had studied the Danish models, it is impossible to point to any particular time in which the pools were introduced into California or any other section of North America." The facts appear to be, then, that while Sapiro and others studied Danish models and profited by them, pooling was in effect on this continent long before the term was known, and even before co-operation was practised in Denmark itself.

If, as already stated, the pooling idea was not a sudden inspiration, but rather a gradual growth, what of the Province of Saskatchewan, with which we are chiefly concerned? Turning back the pages of history, we find that in the later years of the 19th century the tide of immigration was pressing gradually further and further westward, and filling up the vast vacant spaces that have now become the prairie provinces. Naturally, pioneer conditions prevailed and had, necessarily, to be faced. Farmers were compelled to haul their grain, load by load, for long distances over rough prairie trails to the way freight, there to await transportation to the nearest central shipping point.

As the country developed and the volume of grain increased, the flat warehouse came into being, in which grain could be stored temporarily by the side of the track. The owners of these warehouses were chiefly dealers in grain and, as they paid a reasonable price and, generally speaking, were content with a reasonable charge for storage, the farmers were fairly well satisfied. But a change was rapidly approaching. As early as the year 1887 the country was becoming congested with wheat, and the limited resources of the young railway were taxed to the utmost, and even beyond, in its efforts to rush the grain through to the Head of the Lakes before navigation closed. A considerable increase in storage facilities became necessary, as it were, almost overnight.

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A plan was adopted to encourage the building of elevators all along the line, the railway company offering a practical monopoly of grain shipment at any point to any person or company that would undertake to build an elevator of a minimum capacity of 25,000 bushels, and fully equipped for the handling and cleaning of grain. The monopoly was made the more complete by the refusal of the company to allow grain to be shipped in any other way than through the elevator at any point where an elevator of the required capacity and standard was erected.

Naturally, but most unfortunately, these inducements brought forward a whole horde of grain dealers whose chief concern was profit, rather than the marketing of grain. Elevators were rushed up feverishly, and in greater numbers than the circumstances warranted, mainly by grain dealing and flour milling companies, who used the facilities for their own advantage. It was a golden opportunity for them, but it took only a very short time to bring the farmers to the verge of rebellion.

John Miller, of Indian Head, as President of the local Agricultural Society, called a meeting of farmers in the town hall, in the month of November, 1901. Feeling ran very high and it took all the persuasion and all the cunning of the more level-headed among them to keep the others in check. Two of those present, W. R. Motherwell, afterwards Minister of Agriculture, first in the Province of Saskatchewan, and later in the Federal Government, and Peter Dayman, set their wits to work to devise a scheme to induce the farmers to abandon their attitude of independence, and to combine for the common good. Out of this movement grew the Territorial Grain Growers' Association which afterwards became the Saskatchewan Grain Growers' Association and, eventually, the United Farmers of Canada, Saskatchewan Section, Ltd., of the present day.

It was not long before the new association was put upon its mettle, the Canadian Pacific Railway being the first object of attack, on account of its failure to supply sufficient motive power to prevent serious congestion in the movement of the grain; and its failure also to provide proper facilities for the loading of grain direct from farmers' wagons to the car. This led to the prosecution and conviction of the company's agent at Sintaluta, who was ordered to pay a fine of \$50, with the alternative of one month in gaol. On the case being carried by the company to the Supreme Court the decision was sustained, and the right of farmers to the use of the car order book was established for all time.

When the fourth Annual Convention of the Territorial Grain Growers' Association met in Regina in 1904, E. A. Partidge, of Sintaluta, was delegated to go to Winnipeg to watch the grading of cars, and generally to find out all he could about the

marketing of grain.\* What he saw and learned during that time, set him turning over in his mind the idea of the formation of a co-operative trading association for the marketing of wheat, and in January he laid his scheme before a mass meeting of farmers at Sintaluta, when a resolution was adopted approving of the formation of a joint stock company, to be known as The Grain Growers' Grain Company, Ltd., shares not to be transferrable, but the issue to be sufficiently large to take in all western grain growers who were desirous of taking up membership. The company was to carry on a grain commission and track buying business, with a seat on the Grain Exchange and with headquarters in Winnipeg. From the first this met with the strongest opposition on the part of the grain trade, and by the end of November in the same year, it was deemed necessary to lay formal charges against three prominent members of the Exchange of conspiring in restraint of trade. To such lengths were the members of the Exchange prepared to go that, when R. A. Bonner, K.C., who had been retained by the Grain Growers' Grain Company, attempted to secure legal assistance in the case, he found that the legal talent of Winnipeg had been practically cornered by the opposition.

Fortunately, Mr. Bonner was able to secure the assistance of the ex-Premier of Saskatchewan, later Sir Frederick Haultain, Chief Justice of the Province, and later still Chancellor of the University of Saskatchewan, and, to the consternation of the trade, those proceeded against were committed for trial. The case, however, was appealed, and ultimately was decided in favour of the defendants.

In the meantime the Council of the Grain Exchange had refused trading privileges to the Grain Growers' Grain Company, notwithstanding that they had paid for a seat on the Exchange. This led to a demand by the Manitoba Grain Growers' Association that the charter of the Exchange be amended in certain particulars, and to a counter demand of the Exchange that in the event of amendment the charter be annulled altogether, and that a receiver be appointed to distribute the assets. In spite of this attitude, Hon. Robert Rogers, Acting Premier of Manitoba at that time, stated that the government regarded the action of the Exchange as an arbitrary exercise of the powers conferred by the charter, and, unless remedied by the Exchange, the Legislature would be called together to enact legislative amendments. The Council of the Exchange thereupon came to the conclusion that it would be prudent to capitulate, and within a very few days the company was once more admitted to full privileges on the Exchange.

\* *Annual Convention Report, 1904.*

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### FIRST SUGGESTIONS FOR CROP CONTROL

The Sixth Annual Convention of the Saskatchewan body, which had now changed its name to The Saskatchewan Grain Growers' Association, and which met in February, 1907, was the starting point of a controversy which seemed destined ultimately to revolutionize the whole system of grain marketing in Western Canada.\*

Notwithstanding the better feeling that had followed the Sinaluta trial, matters soon assumed their normal course. Feeling between producers and dealers became more and more embittered. A demand now arose for government ownership of the terminal elevators at the head of the lakes, and for some sort of control over the local elevator system, together with a solution of the problem of transportation which was intimately bound up with it.

An intensely interesting discussion of the whole subject arose at the convention, but the resolution adopted did not go any further than to demand control of all terminal elevators, and their operation by a commission. The matter was brought before the members of the government at Ottawa shortly after the convention by H. O. and E. A. Partridge of Sinaluta, and F. W. Green, of Moose Jaw, and they subsequently reported that all the ministers "seemed to think that provided the people of the West could be united upon the scheme, government ownership and operation of elevators would be an ideal solution of crop congestion."

When the question came before the next annual convention, however, a distinct line of cleavage asserted itself between F. W. Green and E. A. Partridge, the former demanding that both interior and terminal elevators be owned and operated by the Dominion Government, and the latter that the interior elevators be owned and operated by the Provincial Government. A strong fight was put up by Mr. Green for his proposal, but the convention eventually adopted that of Mr. Partridge.†

### "ORDERLY MARKETING" SUGGESTED

Even thus early Partridge had the idea of "orderly marketing" which is one of the principal characteristics of the pooling system. Speaking at the annual convention of the Grain Growers' Association in 1907, he said: "Throwing all our grain on the market would not be an economical proposition. It would be far better if the farmer could store his grain, and market it as opportunity offered. They should market their grain for twelve months in the year." During the discussion to which we have alluded above, Mr. Green went even further. He gave expression to an opinion which, in view of the developments of later years, seems

\* *Annual Convention Report, 1907.*

† *Saskatchewan Grain Growers' Association Annual Report, 1908.*



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to have been almost prophetic. "It would be necessary," he said, "to bring the whole trade under the management of one agency. This agency must be created by the farmers who owned the grain, and it must be subject to their control. They must be willing for this agency to market the entire product in the best interests of the whole." This," he stated, "could be done by an independent commission nominated by the Grain Growers' Association, and appointed by the government. A sum of money sufficient to handle the whole trade could be borrowed on the credit of the country, and should be kept entirely separate from other channels of trade. This would render them independent of the banks or grain exchange, and would enable them to sell their wheat in the world's best markets, though to do this they must be able to order it forward independently of individuals in the best interest of the whole." Considering the period when this proposal was made, it is remarkable how nearly it conforms with the constitution and methods of the Wheat Pool, and more remarkable still for its advocacy of 100 Per Cent Control of the crop.

The decision of the convention was brought to the attention of the premiers of the three prairie provinces, with a view to the adoption of a uniform system. The premiers, however, were either unable or unwilling to come to a decision, and allowed the matter to drag out to an inordinate length. Their patience having been exhausted by the long delay, it was decided by the Executive of the Grain Growers' Association to issue a circular to local secretaries urging them to call special meetings for the purpose of passing a strong resolution on the subject to be presented to their local members, with the request that they support the proposition at the coming session of the Legislature.

As a result of the pressure brought to bear on them, the government eventually appointed a commission to enquire into the proposition, with a view to the creation and operation of a system of elevators that would effect the objects outlined by the Grain Growers' Association, and to report its findings in sufficient time to allow action to be taken so as to give relief in the coming grain season.

### SASKATCHEWAN CO-OPERATIVE ELEVATOR COMPANY ESTABLISHED

The members of the commission were F. W. Green, Hon. George Langley,\* and Dr. Robert Magill, who later became secretary of the Grain Exchange. The commission at once got to work, and their report recommended the organization of a company on a co-operative basis. When the report was under consideration by the annual convention of the Grain Growers'

\* Hon. George Langley was Minister of Municipal Affairs in the Province of Saskatchewan.

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Association at Regina in 1911, the most hectic feeling prevailed. It was stated by some that the commission had been appointed to evolve a scheme of government ownership, which was undoubtedly correct, but that it had evolved "something else that wasn't in the reference." The convention was split from top to bottom, and a hot fight was waged on the question of government ownership versus a co-operative elevator system. When the vote was taken, however, there was an overwhelming majority in favour of the recommendations of the commission, and the Saskatchewan Co-operative Elevator Company, Ltd., very shortly became a living reality. Despite its name, however, this organization never functioned on a truly co-operative basis and, consequently, while the directors undeniably built up a strong and efficient marketing organization, there was always a large body of opinion amongst its shareholders definitely opposed to its policy. It should also be stated that the agitation resulted in the building, eventually, of the federal government interior storage elevators at Calgary, Moose Jaw and Saskatoon in the years 1913-14.

## CHAPTER TWO

### THE DEMAND FOR CONTROL

In the year 1914 came the great war which, as we all know, caused a general disorganization of trade and commerce all over the world, bringing in its train economic disaster and lamentable poverty and suffering, to the farmers of the West, as to others, the extent of which can never be measured, and which culminated in the period 1930 and following years in a depression bordering on complete collapse of the world's economic system. These conditions brought about developments which also in their turn played a large part in the education of the farmers of Western Canada in the benefits to be derived from the controlled and orderly marketing of grain.

The first attempt of the government at direct interference with the marketing of wheat came in the year 1917, when the Dominion Government proposed to commandeer the entire wheat crop of the Dominion, and to fix a uniform price of \$1.30 per bushel, basis No. 1 Northern at Fort William. This information was given to a delegation from the Canadian Council of Agriculture\* which met Sir George Foster, Minister of Trade and Commerce, in Ottawa in March, 1917. The Government's proposals were carefully considered by the Council, after which the following Memorandum on the subject was submitted to Sir George on March 13th:

\* The Canadian Council of Agriculture was a co-ordinating group representative of the various farmers' bodies, first organized under the name of The Interprovincial Council of Grain Growers in 1908.

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"Respecting the matter of fixing or guaranteeing a price for the surplus crop of Canadian wheat for the year 1917, discussed with you at your request in Ottawa on March 3rd by representatives of the Canadian Council of Agriculture, your suggestion that a price be fixed about \$1.30 per bushel, basis 1 Northern, Fort William, for the entire crop was considered by the full meeting of the Council here today, and after full deliberation upon the matter, the Council, having in view the present high cost of production, believe that to insure the maximum production of wheat for the coming year, it is advisable to fix a minimum price covering all this year's crop, and this Council therefore recommends that a minimum price at Fort William of \$1.50 per bushel basis 1 Northern grade be guaranteed, and that a maximum price of \$1.90 basis 1 Northern Fort William be fixed. Spreads in price on grades lower than 1 Northern to be fixed on the actual difference in value between such grades as determined by milling and baking tests, or, if a flat rate price be decided upon, such price should be \$1.70 per bushel, basis 1 Northern, Fort William, this being less than the average price of 1 Northern at Fort William during the last six months."

This proposal, however, was rejected by the Government, and on June 11th the Board of Grain Supervisors was appointed, which fixed the price of wheat for the crop year 1917-18 at \$2.21, basis 1 Northern, Fort William. The same body fixed the price also for the crop year 1918-19, No. 1 Northern at \$2.24½.\*

On August 19th, 1918, the Canadian Council of Agriculture once more took up the question of the marketing of the crop and adopted the following resolution:

"Resolved that the Canadian Council of Agriculture make strong representation to the Canadian Government to create in Canada a grain company similar to the United States Grain Corporation, such company to be at all times ready to accept delivery of the wheat at the guaranteed price, should the millers and the Wheat Export Company for any reason be unable to do so."

What the Wheat Export Company was, and how the Canadian wheat crop was handled at this time can best be understood from the Report of the Chairman of the Canadian Wheat Board, Mr. James Stewart, to Sir George Foster, dated January 28th, 1921:

For the two years prior to the appointment of the Canadian Wheat Board, grain markets in Canada had been under the control of the Federal Government. In the two concluding years of the war, and including the two crop seasons 1917-18 and 1918-19, the handling of Canadian wheat within the bounds of the Dominion was done through a governmental agency known as the Board of Grain Supervisors. In addition to

\* Canadian Council of Agriculture Minutes.

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that Canadian Board, the British Government also had representation in Canada in the form of the Wheat Export Company, which performed the function of sole exporter of wheat from the Dominion to the United Kingdom, France and Italy. The Wheat Export Company was simply one of many grain purchasing agencies which the British Government had established in every accessible grain exporting country throughout the world during the war, and its head was the Royal Commission on Wheat Supplies in London, England. Through the Board of Grain Supervisors assembling and distributing wheat within Canadian Territory, and through the Wheat Export Company taking charge of exportable surpluses and transporting them overseas, the crops of this country were marketed during the two seasons 1917 and 1918, and during these two years the price of wheat in Canada, as in the United States, was fixed on the guarantee of the Federal Government."

In the latter part of the year 1918, J. A. Maharg, President of the S.G.G.A., representing the Western farmers, and the late Dr. Robert Magill, representing the grain trade, were appointed by the Dominion Government to proceed to England as advisors to the Government in relation to trading in grain. According to an article by Norman Lambert,\* at that time secretary of the Canadian Council of Agriculture, in *The Saskatchewan Co-operative News*, they were by no means fortunate in their mission. It was found impossible, Mr. Lambert stated, to obtain any information as to the handling of the Canadian crop of 1919-20 (i.e., the first crop after the war) and, as no further satisfaction was to be obtained, they left London on their return to Canada about the end of January, 1919.

It was inevitable that this uncertainty should arouse in the minds of the farmers of the West an intense anxiety as to the crop of 1919. Having submitted to price restrictions in the interests of the consumers during the crop year 1917-18, they felt that they themselves were entitled to some protection against unremunerative prices for the next crop. On the other hand, there was an equally insistent demand on the part of the grain trade for the removal of the restrictions that had been placed upon them, by the restoration of the open market.

Early in January, 1919, the question was discussed by the Annual Convention of the United Farmers of Manitoba, at Brandon. There was a strong feeling among the delegates in favour of a fixed price for the coming crop, sufficiently high to assure them of at least a decent return for their labour. Their leaders, however, expressed the fear that this attitude would compromise them in respect to the low tariff plank in the Farmers' Platform, which had been drafted some time previously for the Canadian Council of Agriculture, and which had been adopted by the

\* Later Senator Lambert.

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annual conventions of the affiliated associations. Eventually a resolution was adopted affirming their previous stand with respect to low tariffs, and specifically stating that they did not ask for a fixed price for the crop of 1919.

When the delegates assembled for the Annual Convention of the U.F.A. at the latter end of the same month, it was evident that they had gone there with a determination to demand a fixed price. The argument in favour of this action was stated very clearly by H. W. Wood in his Presidential Address, although he did not at that time give any indication of the stand he intended to take when the matter came up for decision. During the debate, however, he appeared as an opponent of a fixed price, presumably for reasons similar to those given by the leaders of the Manitoba farmers' body. Opposition to the proposal was also offered by Mr. Rice-Jones, General Manager of the United Grain Growers Ltd. at that time, who expressed the opinion that the fixing of the price would afford a good excuse for the Government to refuse a revision of the tariff on the lines desired by the farmers of the West, and that it would also give labour the opportunity to raise the cry that the farmers were profiteers. His remedy, he said, was an open market, sufficient money to enable the farmers to hold their wheat as long as they desired during the following winter, and the abolition of speculation on the Grain Exchange. Eventually a resolution was adopted demanding legislation to restrict all dealing in grain, to cash sales for future delivery, and that steps be taken to provide the necessary credits to finance all farmers who had grain for sale, until they desired to market their crops.

In Saskatchewan, however, there was a totally different feeling. There appeared to be an entire lack of fear on the part of the farming community as to the construction that might be put upon any action they might decide to take, and in both the Legislative Assembly and the Annual Convention of the Saskatchewan Grain Growers' Association resolutions were adopted demanding a fixed price for the crop of 1919. The Legislature asked for a price as near as possible to that fixed and guaranteed by the government of the U.S.A., while that of the convention demanded unequivocally the fixing of the price "on the same basis as that of 1918." That the decision of the Convention of the United Farmers of Manitoba did not meet with the approval of a large body of opinion among the farmers of that province was shown by a resolution which was passed, while the Convention of the S.G.G.A. was in progress, by the annual convention of the Manitoba Agricultural Societies, demanding that the price of wheat of the 1919 crop should be the same as that of 1918, thus placing them exactly in line with Saskatchewan.

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Throughout this period, and up to the month of July, 1919, the Government failed to give any indication as to its intentions, while at the same time there were rumours that the Canadian wheat market was to be opened for unrestricted trading, under pressure and constant lobbying by the grain trade. The Canadian Council of Agriculture therefore met again on the 11th of July, 1919, and passed a resolution as follows:

"Understanding that the Government of Canada has taken no action to control the marketing of the Canadian wheat crop of 1919, and in view of the following facts:

"(1) That the entire importation of wheat into European countries is under government control.

"(2) That the United States, Canada's principal competitor in the sale of wheat, has created a highly organized and well financed corporation under government direction, to dispose of its exportable surplus of wheat.

"(3) That it is imperative in the national interest that Canada should secure the maximum return for its wheat crop; and further:

"(1) That the opening of the markets for unrestricted trading in wheat on the Canadian grain exchanges, as is in immediate prospect, would promote speculative rather than legitimate trading.

"(2) That because the true function of grain exchanges can be performed only when international operations are completely possible in an unrestricted way, they would entirely fail to provide means for disposing successfully of the wheat crop.

"(3) That trading under such conditions with their attendant risks would provide a market at country points for the farmers' wheat only at prices much below its real value, and at times would be bound to result in there being no country market at all:

"Therefore the Canadian Council of Agriculture is strongly opposed to the opening of the Canadian markets for unrestricted trading in wheat, and would reiterate its recommendation of August, 1918, that the Government of Canada create, without delay, a body similar to the United States Grain Corporation, with like powers and functions and with the financial accommodation adequate to its operations."

It is evident that what the Council had in mind was a body which would have virtually the same functions as the Wheat Board which was appointed later, the object of which, however, was to prevent the price of wheat from soaring to unheard-of heights, and thus raising unduly the cost of living to the great body of consumers. Writing the author on this subject, Mr. A. E. Darby, a former secretary of the Canadian Council of Agriculture, and later appointed secretary of the Grain Exchange, said: "On July 22nd,

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1919, the grain market was actually opened for general trading. Wheat that day sold for \$2.24 $\frac{3}{4}$  cash price. By July 28th the price had risen to \$2.45 $\frac{1}{2}$ , which was the closing price on that day. It was feared that the price would continue to rise, and the market was promptly closed."

The period of vacillation on the part of the Government had now come to an end, and the appointment of the Wheat Board, with James Stewart as Chairman, and Fred W. Riddell as Vice-Chairman, was announced.

### THE POOL IDEA EMERGES

When the appointment of the Wheat Board became known, it aroused a feeling of great resentment on the part of the farming community who, naturally, were anxious, under the conditions that then prevailed, to get the best price they could for their wheat. Only the fact of its being a war measure reconciled them to the innovation. The strong feeling of the farmers on this question led Mr. Maharg, who at that time was a member of the Federal House, to attempt to evade responsibility on the part of the Canadian Council of Agriculture for the appointment of the Board. Speaking from his place in the House of Commons, he declared that the Canadian Council of Agriculture was not responsible for the appointment of the Wheat Board. Naturally, this attitude was taken also by the *Saskatchewan Co-operative News*, the organ of the Saskatchewan Co-operative Elevator Company, of which Mr. Maharg was President. Whether Mr. Maharg was right, however, in his contention, may be judged from the terms of the before-mentioned resolution, the object of which, clearly, was that the Government take full control of the crop. A year's experience of the plan, however, opened the eyes of the farmers to its possibilities, and opinion veered around completely in favour of the Board.

During the session of 1920, the question of the continuance of the Wheat Board became a live issue. The grain interests began once more to urge on the government the restoration of the open market, notwithstanding that buying in European countries was still under control. For a considerable period it was uncertain what action the government would take, although, if the Board was to continue to function after August 31st in that year, it would be necessary to pass special legislation for the purpose. The government was being pulled in two ways at once—by the grain interests and by the demands of the farmers of the West—and they were apparently in a quandary as to which course to take. Eventually, however, Sir George Foster, on behalf of the government, announced a resolution in the House on June 4th on which the legislation was to be based, and which would leave it optional with the government either to revive or to continue the Board if

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it should seem to be expedient. Finally, however, they decided to discontinue the Board, but this decision was not made until after Parliament had been prorogued, and after the retirement of Sir Robert Borden and the advent to power of the Rt. Hon. Arthur Meighen.

When the announcement was made that the Board would not function for the crop of 1920 a great cry went up from the farming community for its continuance. This demand was taken up and forwarded to the government by the Canadian Council of Agriculture which, on October 22nd, 1920, reiterated its demand for the re-establishment of the Wheat Board in a resolution, the preamble of which sets forth the previous attitude of the Council on the question, and also the effect that the discontinuance of the Board, in the opinion of the Council must have. The whole resolution reads as follows:

"Whereas the Canadian Council of Agriculture in January last made urgent appeal to the Dominion Government to continue the Canadian Wheat Board as long as the principal countries importing Canadian wheat retain governmental control of imports; and

"Whereas in June last the Council made representations that resulted in Parliament passing a Bill enabling the government to continue the Wheat Board; and

"Whereas at its next meeting the Council requested the Government immediately to re-appoint the then existing Wheat Board for 1920, stating clearly that the extraordinary world conditions then obtaining made such action imperative; and

"Whereas the Council made this request believing that if the Wheat Board were discontinued by the government undue depression of prices would result, a condition which now exists;

"Therefore be it resolved that the Council urgently request the government immediately to re-appoint the Canadian Wheat Board under the same Chairman and Vice-Chairman as last year, for the marketing of the balance of the 1920 wheat crop."

The action of the Council was supported by the Board of the Saskatchewan Grain Growers' Association, which passed the following resolution at its meeting on July 7th, 1920:

"That this Board express its regret that the Dominion Government has not seen fit to re-establish the existing Wheat Board for the marketing of the 1920 crop, and that we hereby endorse the demand of the Canadian Council of Agriculture for the re-appointment of the Canada Wheat Board for the handling of this crop."

In giving its endorsement to the action of the Council, the Board was carrying out the wishes of the annual convention of the association, which had endorsed the action of the Council a few months previously, with only four dissentients. Speaking at this



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convention the Hon. Charles A. Dunning stated that he had put the idea of national marketing into the heads of the government, and he was not ashamed of it. This was while he was acting as Director of Production for the Dominion during the course of the war.

The same question was taken up at a meeting of the Board of Directors of the United Farmers of Alberta on July 16th and 17th, 1920, and the following resolution was adopted:

"Whereas the Canadian Government has announced that the Canadian Wheat Board will not be continued for the marketing of the 1920 crop; and

"Whereas this Board of Directors of the U.F.A. are of the opinion that the Wheat Board should be continued for the marketing of the 1920 crop in order that the farmer may receive the full value for his product in the world's markets:

"Therefore be it resolved that this Board of Directors use every influence to have the Wheat Board as at present constituted for another year and, failing that:

"That we request the Directors of the United Grain Growers, Ltd., in conjunction with the Directors of the Saskatchewan Co-operative Elevator Co., Ltd., to consider the feasibility of organizing a co-operative pool for the purpose of delivering our farmers' wheat direct to the European markets."

The late Miss F. Bateman, the Secretary of the U.F.A., wrote to the author: "The final clause of the resolution contains the first definite proposal for the setting up of a co-operative wheat pool made by the Central Board, though, of course, this matter had been under discussion for some time. Mr. Wood had advocated the temporary restoration of the Wheat Board, having in mind the eventual creation of a pool under the control of the producers."

Previous to this time, however, as already mentioned, the Canadian Council of Agriculture had issued an official platform of principles, known as "The Farmers' Platform," one clause of which referred to co-operative marketing. A day or two previous to the meeting of the Board of the U.F.A. mentioned above, the Canadian Council of Agriculture had met and passed the following resolution:

"Whereas the platform of the Canadian Council of Agriculture in Section 8 declares for 'the extension of co-operative agencies in agriculture to cover the whole field of marketing'; and

"Whereas it is deemed expedient to further amplify the attitude of the Council on the subject matter of this clause:

"Therefore be it resolved that this Council is of the opinion that, under normal world conditions, a system of voluntary co-operative marketing under the control of the participating

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producers, and involving a pooling of returns, would be the most desirable method for marketing wheat and other farm produce."

The principle of co-operative marketing by way of a pool was thus placed definitely before the farming community, not only as an ideal towards which they might strive, but also by way of a direct invitation from the U. F. A. to the two farmers' trading companies to lead the way.

On October 7th, 1920, the supporters of the New National Policy Association, better known, perhaps, as the Progressives, were in session at Regina, and the matter of the discontinuance of the Wheat Board was naturally taken up by them, as being a matter of supreme importance to the great majority of their members. The following resolution was adopted unanimously:

"Whereas the present system of selling grain on open competitive markets leads to greater uncertainty as to grain prices to be received by the farmers, and causes congestion of traffic on our railways; and whereas this results in the loss of many millions of dollars to this province, and threatens our future prosperity, and whereas the national system of marketing of wheat that was in force last year effectually prevented the above danger and loss:

"Be it resolved that we protest against the abolition of the Canada Wheat Board, and request that the officers of this organization co-operate with the S.G.G.A., the Saskatchewan Co-operative Elevator Company, the boards of trade in the cities of Saskatchewan and the Canadian Council of Agriculture, in renewing our demands to the Government for the immediate re-instatement of the Wheat Board as formerly constituted, to handle the balance of the 1920 wheat crop."

Another resolution passed later in the meeting instructed the officers of the organization to request all locals of the association—meaning, presumably, the locals of the S.G.G.A.—to send telegrams to Ottawa demanding the immediate re-instatement of the Wheat Board. During the discussion it was emphasized that the situation in Saskatchewan was absolutely deplorable, and that some action must be taken at once to remedy it.

As the Hon. J. A. Calder, who was at that time Minister of Immigration and Colonization in the Federal Government, was just then in the city, a deputation consisting of Thomas Teare, of Marquis, who was at that time President of the New National Policy Political Association, C. E. Little and W. Van Allan, was appointed to wait upon him in regard to the matter, and accompanying them were J. B. Musselman, representing the Saskatchewan Grain Growers' Association, and W. C. Mills, representing the Saskatchewan Co-operative Elevator Company, Ltd.

Briefly stated, the arguments they advanced in support of the resolution were: (1) That the first duty of the government was to look after the interests of the Canadian people; (2) That the national system of marketing in force the previous year had fully demonstrated the value of the system, and had prevented the loss of millions of dollars to the farmers of Canada; (3) that the forcing of that year's crop on the market would have a tendency to depress the price; (4) that farmers were quite prepared for pooling under government control, and would be satisfied with a moderate guaranteed price and (5) that a system of control which would permit the crop to be fed to the market as the demand arose would tend to stabilize the market. It is evident from these arguments that the importance of the orderly marketing of the crop had by that time become fully realized.

The fact, however, that Mr. Calder admitted some of their contentions provided the deputation with cold comfort, as he made it quite clear at the same time that he was opposed to the re-establishment of government control. He reminded them of how the farmers had ridiculed the scheme when it was first proposed, and declared that when the question of continuance of national control had been before the House, none of the Western representatives would take a decided stand on the question. "The Government," he said, "had sought advice and failed to get it definitely and clearly from the source from which it might reasonably have expected it." Thus, the farmers' chickens were coming home to roost with a vengeance! Mr. Calder further stated his own view that, unless there was control in all wheat exporting countries, control by Canada alone would be ineffective and would do more harm than good.

The Hon. George Langley, Vice-President of the Saskatchewan Co-operative Elevator Company, in commenting on the government's decision, declared that persistent wire-pulling at Ottawa by the grain interests was responsible for the decision; while J. B. Musselman, Secretary of the S.G.G.A., calling attention to the fact that the purchasing markets in Europe would continue under government control, said it was sheer nonsense to talk about open markets obtaining. He also declared that the result would be a depression in prices, as the competing grain dealers would undersell each other, "for there will be many sellers to each buyer." During the war, he said, the farmers were not permitted to secure the full world value for their commodity, and now that they needed a little co-operation on the part of the government it was flatly denied them.

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### CHAPTER THREE

#### EARLY POOL PROPOSALS

In order to be prepared in the event of the government's refusal to re-constitute the Board, the Canadian Council of Agriculture, in October, 1920, appointed a committee to enquire into the possibility of the co-operative marketing of wheat, and this committee reported that a "centralization of selling, with complete authority to the selling management to deal with the wheat consigned to it as it sees fit, would be a practical possibility provided certain essential requirements could first be established." The members of this committee were J. R. Murray, Assistant General Manager of the United Grain Growers, Ltd., and Fred W. Riddell, General Manager of the Saskatchewan Co-operative Elevator Company, Ltd., with H. W. Wood, President of the United Farmers of Alberta as Chairman.\* The report of the committee was adopted by the Council with some amendments, the essential requisites being stated as follows:

1. Farmers seeking to use the agency must first sign a legally enforceable contract to turn over to it all their wheat for a period of five years, and to accept as payment the pro-rated or pool price secured by it in each season.
2. Such contracts must be secured covering at least 60 per cent of the wheat acreage.
3. Arrangements must be made for elevator facilities to handle the wheat so contracted for delivery to the selling agency.
4. There must be adequate financial arrangements.
5. Some important amendments to the Canada Grain Act must be secured.

As an outcome of this committee's deliberations, a Co-operative Grain Marketing Committee was formed by the Council on December 10th, 1920. Mr. H. W. Wood was appointed to represent the U.F.A. The Saskatchewan Grain Growers' Association appointed J. A. Maharg as their representative on the following understanding:

"1. That this committee take no further steps except the organization of itself, than to secure a tentative agreement with the two farmers' trading companies, which the boards of these companies will have agreed to recommend to their shareholders, and that failing to secure such agreement the committee should report to the Council at once.

"2. That, in the opinion of the Executive, no pooling arrangement would seem wise which would jeopardise the position of the present farmers' companies, or imperil their ability to resume their present services should the pool at any time prove unsuccessful."

\* *Minutes of the Canadian Council of Agriculture.*



So far as the Saskatchewan Grain Growers' Association was concerned, it will thus be seen that the agreement of the two farmers' companies was to be a *sine qua non* of any pool that might be formed.

In the meantime a draft of the proposed contract had been prepared on behalf of the Council, which, in all essential principles, was very similar to that later adopted by the Wheat Pool. On the instructions of the Saskatchewan Grain Growers' Executive, the Central Secretary prepared a pamphlet in catechetical form, outlining what he considered to be both the advantages and disadvantages of the contract. This pamphlet raised something of a furore in the country and came in for some very severe criticism at the hands of members of the Association, the idea having been conceived that the pamphlet was an attempt to discredit the proposed pool in advance. This attitude was in itself a strong evidence of the trend of feeling at that time in favour of the contract method of marketing. Whatever justification there may have been for the attitude of the farmers towards the pamphlet and its author, it is only fair to say that the minutes of the S.G.G.A. show that it met with the fullest approval of the members of the Executive as a body. This proposed pool was the subject of consideration at the Annual Convention of the S.G.G.A. of 1921, when the scheme was approved. The operative part of the resolution read as follows:

"Therefore be it resolved that we favour the fullest measure of interprovincial co-operation among the farmers' organizations in order that a new co-operative system of marketing of grain in Canada should be finally established; and be it further resolved that we instruct our Executive to co-operate with the other organizations represented on the Canadian Council of Agriculture to that end."

Speaking at this convention with a full knowledge that this particular scheme was to be considered by the delegates, Mr. H. W. Wood said: "There is no other way than a permanent wheat board to solve this problem; but it will take the co-operation of all the farmers and all the farmers' institutions and the farmers' leaders to put it over. The only thing I know of that is possible is to organize a wheat pool and sell co-operatively as they are selling some products down at the Pacific Coast. The undertaking mooted by the farmers means the first real effort we have ever made to accomplish a fight based on the fundamental principles of our organization. It means that we are going to try to destroy at one point the old trade system which has brought humanity all the woes from which we have suffered and are suffering. It means the destruction of the competitive trade system and the building up of a co-operative system. All our efforts in the past have been directed to bettering conditions under the old system. The

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establishment of a pool for co-operative selling is a real fight between the competitive and co-operative systems of marketing. It is my opinion that the pool cannot be organized in time to handle the 1923 crop, but this fact should not dampen the ardour of those who advocate it. I believe that it is the only system that will ever give us satisfactory results, and if we bring it about in twenty years we shall have accomplished more in two decades than we have done in the past two thousand years."

A week or two previous to this Mr. Wood had spoken to the delegates of the U.F.A. convention on similar lines. After referring to the discontinuance of the Wheat Board, he said: "Out of this has grown a determination among the farmers to overcome the weakness of the open market, and a very clear understanding that they will have to accomplish this by their own efforts. They want the full value of their wheat sold on the world's market, in the most efficient and economical way. This they believe can be done by pooling it and selling co-operatively." Further on, in the same address, he said: "It will be a fight between economic principles of trade, with all the forces mobilized and lined up on one side, and unless the forces on the other side are as systematically mobilized and intellectually guided, they cannot hope to succeed. To succeed in this enterprise will mean the greatest progress we have ever made, while to fail will mean our greatest drawback. It is infinitely more important that we start right than it is that we start in a hurry. A year or even two years' delay in starting is insignificant if it enables us to make a success that will be permanent."

In the month of March, 1921, James Stewart and Fred W. Riddell, who had been, respectively, Chairman and Vice-Chairman of the Canada Wheat Board, were requested by the Hon. W. M. Martin, at that time Premier of Saskatchewan, to advise the Government in regard to the marketing of wheat, and a series of eight questions was put to them to which the Government desired answers. In propounding these questions the Government had two objects in view—first, to procure accurate information of an educational character for the people of the Province; and second, to ascertain what assistance the Government of the province was capable of rendering in connection with the marketing of wheat. In their report, which was dated May 3rd, 1921, they gave an amount of information on wheat marketing which well fulfilled the first requirement of the Government.

In answering the questions put before them, they naturally considered them in comparison with the system of marketing adopted by the Wheat Board of which they had been in charge. In that capacity they had had a very large measure of control over transportation facilities; complete control over the entire elevator system of the country, no matter to whom the elevators belonged;

complete control of the sale and export of flour; control of the entire wheat crop of the Dominion; and were backed by all the powers and the financial credit of the Dominion. Some of these conditions would apply only partly in case of a pool, while in other respects there would be no comparison whatever. It was largely owing to these differences that the subsequent failure of the prairie governments to form a pool must be attributed, as it was common knowledge that some of the men at least who were approached felt that it would be impossible to secure anything approaching the same results with the limited powers at their disposal, and this, in the case of Messrs. Stewart and Riddell particularly, would have had the effect of undermining the confidence of the farmers in their ability.

After having considered the questions put before them by the Government, Messrs. Stewart and Riddell concluded that the nearer any pooling system could approach to the ideal of the Canada Wheat Board the more efficient it would be. Five forms of pools were considered: (a) a rigid contract pool—that is the form later adopted by the Saskatchewan Wheat Pool; (b) a similar contract pool, but without requiring any given acreage to be placed under contract previous to operation; (c) a contract pool which would be operative without any given percentage being first covered, but which would provide optional marketing channels within the pooling organization, such as the right to consign, or sell on the street; (d) a voluntary non-contract pool, under which the producer might deliver all or any portion of his wheat to the pool, and which would provide optional marketing channels as under the third head, and (e) a voluntary non-contract pool, but without optional marketing channels.

Of these they considered plan (a) as the most difficult to put into effect, because of the human element involved; but that, if successfully established, "it would afford the greatest opportunity for a completely efficient pool," and "the larger percentage of producers who patronized the pool, the more efficient would be the results." Plans (b) and (c) they considered would be less efficient, because it would be impossible to determine beforehand the amount of wheat that would be handled during a specified period. Plans (d) and (e) would leave producers free, and might therefore attract those who were sympathetically inclined towards such a marketing agency, and willing to give it a limited patronage. They emphasized the fact, however, that no form of pool would be successful without efficiency, as "efficient service" was "the one indispensable factor."

Their final conclusion was that "the most perfect form of a centralized wheat marketing agency, at the present time, can be created only under the control of a national organization; and secondly, we believe that in considering any form of wheat mar-

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keting pool involving less than complete national control, one based upon voluntary co-operative effort on the part of the producer is preferable to one bound by the provisions of a legal contract."

At a meeting of the Executive of the S.G.G.A. held on May 24th, 1921, Mr. Musselman, the Secretary, reported on the activities of the Wheat Pool Committee of the Canadian Council of Agriculture, when he announced the abandonment of the proposed pool, the Council having decided unanimously that the plan was not feasible at that time.

He then laid before the Executive a plan for the organization of a voluntary wheat pool for Saskatchewan, to become operative in the fall of 1921. This plan involved the creation of a wheat pool department under the charter of the Association to be controlled either by the Executive or the Board of Directors of the Association. The pool board was to be highly representative, and it was suggested that it be financed by the provincial government. It was also proposed that a vigorous campaign of education and organization should be undertaken by the Association, that petitions should be circulated among locals all over the province, and signatures secured of all who were desirous of entering the pool. The conditions of entry were to be a pooling membership representing itself through the locals of the Association, with a view to calling a convention of delegates representing the pooling members, such convention to decide upon the permanent form of control by the pool, and, if thought desirable, to elect a board of directors to direct the pool. The Executive was also advised by the Secretary that a communication had been received from Mr. Rice-Jones, General Manager of the U.G.G. Co., which showed that the same question had been taken up by the board of the United Grain Growers, Ltd., a week previous to the correspondence, and that the company was then drawing up specific plans for the creation of a simple voluntary pool under the board of the United Grain Growers, Ltd., but without the financial backing of the provincial governments. In other respects it was similar to the one proposed.

The plan proposed by Mr. Musselman had been laid by him before the board of the Co-operative Elevator Company on the previous day, May 23rd, together with a number of suggestions which he had specially prepared to present to the Executive of the Association. After consideration of the proposal a resolution was unanimously adopted by the board, declaring its opinion that an attempt should be made to establish a wheat pool for Saskatchewan in time, if possible, to market the crop of 1921. The resolution also favoured the plan of education, publicity and organization which had just been laid before them.



In putting the plan forward, it was assumed among other things that the two boards would use every reasonable endeavour to make the scheme a permanent success; that the government was perfectly sincere in its offer of assistance and co-operation; that there would be assurance of support from a sufficient number of farmers to guarantee the success of the scheme; and that the two farmers' trading companies should not receive any direct benefit from the pool, nor any remuneration for services which were not open on equal terms to all other elevator companies.

It was proposed that the pool should be merely a collective selling agency, that it should not of itself own any handling or storage facilities, that those joining it should be at liberty to consign to it, or to sell through other channels, whatever portion of their crop they thought fit, that the pool should be at liberty to accept either car-load or wagon-load quantities through all elevators, that the pool board should have authority to close the pool at any time and refuse to accept further entries, or else that it should have the right to form periodic or seasonal pools, and that, if thought desirable at a later period, it should be at liberty to join with the other wheat producing provinces in forming an interprovincial selling agency.

Arguments were adduced for and against control by the Saskatchewan Co-operative Elevator Company, and in favour of control by an independent board, the latter plan being favoured on the ground that, among other things, the Saskatchewan Grain Growers' Association had the facilities for placing the matter before the farmers and testing out public opinion, that it could secure the active co-operation of practically all its locals, that it could start the pool under a representative board which, although under the act of incorporation of the association, would be in full control, and responsible only to itself under the trust, that it could continue the pool as a department under a board to be named by a convention of delegates, or could transfer the whole to a pooling association to be incorporated by special act of the legislature, that the Association had facilities for the raising of capital without issuing shares, that the Association could give absolute independence of control both as to management and finance, and that the Association could properly invite some representative men outside its own officers to act on the pool board, and so give confidence both to the government and the farming community in all parts of the province.

In an article which appeared in *The Grain Growers' Guide* of June 1st, 1921, J. B. Musselman expressed the opinion that a contract pool such as that which had been under consideration by the Canadian Council of Agriculture was "such a huge and revolutionary project, and was fraught with so many herculean difficulties and perils, that very grave doubt was entertained as to the

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possibility of successfully launching it under existing conditions." He felt, however, that the farmers should not "settle back into the old rut simply because this huge project cannot be immediately accomplished." Under the circumstances existing at that time, he believed "the sensible thing to do is to make a beginning somewhere in some simpler form, rather than to keep our eyes on a distant and more spectacular hope, and calmly wait while we continue beating down our own prices by irrational and demoralising competition with each other." The "sensible thing" he had in mind was the voluntary pool already outlined above, and which was in accord with the recommendation of Messrs. Stewart and Riddell.

In a letter to Mr. Musselman dated May 19th, 1921, Mr. Rice-Jones, the General Manager of the United Grain Growers, Ltd., had expressed general approval of the scheme. He indulged, however, in some mild criticism of the proposal to have the pool managed by an independent board, his view being, apparently, favourable to any pools that might be set up being operated by the boards of the two farmers' trading companies. He also expressed the opinion that the suggestion as to the pool having the backing of the Provincial Government was "well worth considering."

In a memorandum on the question prepared later in the year, Mr. Rice-Jones expressed his belief that a pool started on a small scale, and developed gradually, would, if it received the support of the farmers, develop on a more solid foundation, and in a manner which would ensure greater permanency.

His view was that the pools should be organized on a provincial basis, and that they should, during the development period, be handled by the farmers' companies; that the contracts should be on a yearly basis, and cover all or a portion of the acreage or crop belonging to the producer. All work of a local nature, such as the signing of contracts and developing ways and means of shipping out pool grain he proposed should be handled by local boards. For the first year's operations, he proposed that contracts should be in the hands of the companies by June 1st or July 1st, and in subsequent years by the first day of August. Non-delivery of the crop was to be subject to a penalty of 25 cents per bushel.

Mr. Rice-Jones believed that "under this plan it would not be necessary to require contracts to be signed for any particular quantity of grain in order to make the pool operative." One local unit, he held, could be taken as the basis of organization, with as many more units organizing as desired. With a comparatively small amount of grain contracted for the first year or so, he pointed out, naturally, it would not be possible to exercise any control on the market. The only advantage would be that the grain would be sold on the judgment of an expert rather than that of an indi-

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vidual farmer, and proceeds pooled, and that the more complete benefits would come later as the pool developed on a larger scale.

One of the difficulties he foresaw was that other companies might seek to disparage the pool, and make it difficult for contract signers to ship their grain. This difficulty, however, he believed would be tremendously reduced if the securing of elevator space and of cars were made a local concern. While other companies would not hesitate to attempt to discredit the farmers' companies, they would, he believed, hesitate to antagonize local sentiment.

In the initial development of the pool, the regular handling and commission charges would be paid to the companies for the handling of grain, but as the pool developed, this could be changed to any basis that was considered desirable and more satisfactory.

A committee composed of one representative from each provincial Association and from each of the farmers' companies, could be formed to supervise the selling of the grain. In the final analysis, however, the boards of the companies would have the power to step in if the committee was acting in an unsatisfactory manner.

It was his opinion that the plan of organizing a pool under control entirely separate from the companies would be a dangerous experiment, and if the pool did not develop on a permanent basis would prove very costly. Expert and thoroughly experienced grain men, he believed, would hesitate to engage with an untried organization that was in the nature of an experiment. By starting on a small basis and handling through the companies, arrangements could be made for the selling of the grain by experienced grain men without their being asked to run the risk of joining a new concern. Then if, after two or three years, the farmers decided to market their grain by the co-operative pooling system as a permanent proposition, the marketing organization could be entirely separated from the companies so far as operation was concerned, and with permanency there would be no difficulty in securing the services of the most expert grain men in the business. If, on the other hand, the farmers decided not to continue to market their grain through the pool, the organization developed by the companies could be disbanded with little or no inconvenience and the two companies would be able to continue business as before.

Even as a permanent proposition, he held, there would be grave danger in organizing a pool under direction and management entirely separate from the two companies. The General Sales Manager or Managing Director of the pool would be an expert grain man whose chief anxiety would be to make the pool a success, and who, there was reason to believe, would not have the slightest consideration for either of the two farmers' companies. There could be only one result—the pool would gradually encroach on

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the activities of the two companies, and there would inevitably be a clash, with probably disastrous results to the farmers' organizations.

The idea underlying this scheme in the mind of Mr. Rice-Jones was undoubtedly the necessity of preserving the two farmers' trading companies, namely the United Grain Growers and the Saskatchewan Co-operative Elevator Company, which had been built up with infinite care over a period of years, in order that they might be available to continue the marketing of the farmers' grain in case the proposed pool should prove a failure. His view was that a proposition of this kind "might fill in pending the organization of a greater pool," and further, that "it would give a line on how much support the pool would get on a voluntary basis without in any way disturbing the existing machinery of the two farmers' companies."

The one feature of this plan which stands out above all others, is the extreme caution which was to be exercised, and the extreme timidity with which the plan was to be carried out. The farmers were to have the fear of failure, a sense of danger, and the necessity, or supposed necessity, of the preservation of the two farmers' companies ever before their eyes.

In the plan of organization eventually adopted, on the contrary, fear was thrown to the winds, and timidity was replaced by a bold policy, the psychological effect of which made failure to establish the pool all but impossible. Expert grain men were attracted from the first, and so little were the members of the pool troubled about the necessity of preserving the two farmers' companies that, early in its career, one of the two, the Saskatchewan Co-operative Elevator Company, Ltd., was absorbed by the pool.

To return now to the scheme proposed by Mr. Musselman to the Executive of the S.G.G.A. After considerable discussion on the proposed pool, the Executive decided as follows:

"(1) That this Executive shall endeavour to bring about the establishment of a voluntary pool for Saskatchewan for the handling of the 1921 crop.

"(2) That such pool must have the backing of the provincial government.

"(3) That the pool should accept consignments by car-load lots, and, if possible, less car-load lots, by graded storage certificates.

"(4) That the meeting favour a membership in the association as a condition of entry, with an extra fee for the pooling privilege."

Further consideration led to the decision that the pool should be placed under the control of an independent board of trustees, appointed jointly by the board of the Saskatchewan Co-operative Elevator Company and the Executive of the Asso-

ciation, with possibly one member appointed by the directors of the United Grain Growers, and one seat to be left open to be filled by the other members in meeting. Obviously, this meant that the interests of the Co-operative Elevator Company were to be fully safeguarded, while the individual members of the pool would have a very small voice in the conduct of its affairs. For, while it might be said that the members of the pool, being members also of the Association, would be represented by the Executive, it must not be forgotten that at that time all the members of the Executive, with possibly one or two exceptions, were also members of the Board of the Elevator Company, whose interests they would be bound to serve.

## CHAPTER FOUR

### A HOSTILE GRAIN ENQUIRY COMMISSION AND ITS SEQUEL

At this time a Grain Enquiry Commission, under the chairmanship of Judge Hyndman, which had been appointed by order-in-council ostensibly to enquire into the administration of The Canada Grain Act, but which, it was generally believed, was aimed more particularly at T. A. Crerar, the head of the United Grain Growers, who was at that time leader of the Progressive group in Parliament, was taking evidence in Manitoba and Saskatchewan. While this in itself has no direct bearing on the subject with which this volume is dealing, some mention should be made of it owing to the effect it had on the fortunes of the proposed pool.

During the proceedings a charge was brought against the U.G.G. of using false bottoms in an elevator taken over by the company from the Canadian Pacific Railway Company, by which it was claimed the latter had been defrauded, a charge which, naturally, the U.G.G. strongly resented.

An irregularity was charged against the Commission in having appointed its Secretary an additional commissioner with instructions to proceed to Fort William and hold an enquiry into the charge against the United Grain Growers, although such a sitting had never been announced. On account of these circumstances an application was made by the U.G.G. and other grain firms for a permanent injunction restraining the Commission from further enquiry on the ground that the appointment of the Commission by the Governor-in-Council was illegal, and that in consequence the action taken by the Commission itself was illegal. The injunction was granted and all further proceedings were stayed. Incidentally, at the request of Mr. Crerar an investigation into the "false bottoms" charge was made later by Mr.

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D. C. Coleman, Vice-President of C.P.R. Western Lines, who exonerated the U.G.G. and declared that all grain in the elevator in question at the time it was taken over by the U.G.G. had been paid for.

In view of this combination of circumstances, and also of the fact that the validity of The Canada Grain Act had been challenged, the question of the proposed organization of a voluntary pool was again brought before the Executive of the Saskatchewan Grain Growers' Association, and the following resolution was passed:

"That in view of developments in the grain trade, of the injunction to restrain the Enquiry Board, and the announcement of a determination to challenge the validity of the Canada Grain Act, it is not considered an opportune time to attempt to create new facilities for grain marketing by way of a wheat pool."

### DEMAND FOR WHEAT BOARD RENEWED

In the month of September, 1921, the demand again arose in Saskatchewan for the re-instatement of the Canada Wheat Board. This was due largely to action taken by the local Grain Growers' Associations at Wynyard and Sinaluta, Saskatchewan, the latter asking the Central Office to present a printed appeal issued by them to every local of the Association throughout the province.

This matter was taken up by E. A. Partridge, who was the secretary and moving spirit at Sinaluta, with all his old vigour. Copies of the circular referred to were sent to all locals of the United Farmers of Manitoba and Alberta. Mr. Partridge also took up the question with Premier Meighen by means of two or three long open letters, in which he declared that a voluntary pool which was proposed to be set up by Mr. Meighen and which was a prominent feature of his election campaign, was hopelessly inadequate. The greater part of the crop, declared Mr. Partridge, would have been "thrown to the wolves" before it could come into effect. Also, he said, it would not regulate the price of flour, cut out competitive handling or competitive selling, with the waste consequent on maintaining two agencies in place of one. He declared that Mr. T. A. Crerar did not want a wheat board "if another way round could be found," because his company's dividends and his own salary would be adversely affected; and he suggested in his trenchant fashion that Mackenzie King and Premier Meighen himself might be holding off for similar reasons.

The circular aroused the ire of Mr. Musselman, who declared it was "an attempt to create prejudice against the farmers' companies and the elected leaders of the Saskatchewan Grain Growers' Association and the Canadian Council of Agriculture." He declared that if they were to have permanent national control

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as under the wheat board, then, in all reason, the handling facilities must also be nationalized, and he reminded Mr. Partridge that Manitoba had tried that sort of thing and had made a dismal failure of it, although Partridge himself had urged it upon them.

The farmers of the Wynyard district had also been very active in this connection for some considerable time, and in the summer of 1920 they undertook a very strong campaign to have the wheat board re-instated to handle the crop of 1920-21. This campaign spread throughout the eastern-central portion of the province and culminated in a mass meeting in August, 1920.

In reply to these appeals the Executive of the S.G.G.A. pointed out that while the association had never committed itself on the question of national control as a permanent policy, serious doubts had been expressed as to the constitutional validity of national control of wheat marketing as under the Canada Wheat Board, and that the association proposed to request the Governor-in-Council to refer a number of questions on this point to the Supreme Court of Canada for a ruling.

However, at a meeting of the Executive held in the month of December, 1921, it was resolved that the association's delegates to the Canadian Council of Agriculture be instructed to request the Council to use its utmost endeavour to persuade the new government to re-instate the Canada Wheat Board to handle the crop of 1922, and until such time as world conditions again would become normal. The S.G.G.A. convention of 1922 also demanded the re-instatement of the Wheat Board, the resolution being in the following terms:

"Resolved that this convention is in favour of the re-instatement of the Canadian Wheat Board to handle the 1922 crop and until such time as world conditions again become normal;

"And further to invite the former chairman and vice-chairman of the Canada Wheat Board to resume the active management thereof."

A resolution to the same effect was also adopted by the Canadian Council of Agriculture at its annual meeting held in Regina on February 28th, and a memorandum in support was presented to the government by a deputation from the Council in the month of March.

The memorandum pointed out that the delegation represented the organized farmers of the three prairie provinces, and that the re-instatement of the Board was being asked for as a temporary measure, and in the belief that in the abnormal conditions which prevailed the government could approach the matter as a national necessity and not as a mere favour to the farming class.

It further pointed out that the assurance that the government intended to appoint a wheat board to commence operations the following autumn, would do more to hearten the entire

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western community than anything else the government could do. Prevailing conditions in Western Canada, it was urged, made the appointment of a wheat board very necessary, as the morale of the western people had never been so low as during the past nine months. This was shown by the stagnant condition of business in both rural and urban centres, and by the increasing number of municipalities which were in difficulties owing to the non-payment of taxes.

The memorandum also declared that a wheat board was necessary because it would mean the more orderly marketing of wheat, thus enabling Canada to meet the changed conditions, and the machinery was needed which would make possible a twelve months' system of marketing wheat. It concluded by calling attention to the inter-relation and community of interest, which existed between agriculture, commerce and finance, because of which the agricultural interest was not a sectional or class interest, and that it was from that point of view they urged the government to reinstate the board.

In the month of April, 1922, the law officers of the Crown decided that the re-creation of the Wheat Board under the powers held during the years 1919-20 was ultra vires of Parliament. This led to the passing of a resolution by the S.G.G.A. urging the federal members of the province to strive with the utmost vigour to set forth the vital need of the Wheat Board before the Agricultural Committee and Parliament, so that the necessary steps might be taken to make the constitution conform with the needs of the people in this respect.

When the question came before the Agricultural Committee of the Federal House, R. M. Johnson, who was at that time Federal member for Moose Jaw, gave notice of a resolution as follows:

"It is desirable in the national interests that the Government create a national wheat marketing agency similar to the Canada Wheat Board of 1919 for the marketing of the wheat crop of 1922; and that

"This agency be given all the powers of the wheat board as are within jurisdiction of Parliament to grant; and that

"An Act be passed, based on this resolution, to become effective by proclamation as soon as two or more of the provinces have conferred upon this agency such powers possessed by the Wheat Board of 1919 as come within provincial jurisdiction."

In the course of the discussion, strong opposition to the compulsory feature was shown, among others, by Andrew McMaster, Liberal member for Brome, and later, by Hon. W. R. Motherwell, Minister of Agriculture, who announced that he was strongly opposed to the proposals of the Canadian Council of Agriculture, and declared that a voluntary pool, conducted by the



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three prairie provinces would serve to solve most, if not all, of the troubles of which complaint had been made. He declared he was absolutely opposed to any form of compulsory board.

This attitude on the part of Mr. Motherwell was all the more surprising because of what had transpired during the course of the election campaign in November, 1921, when he stood for the City of Regina. At that time almost every appeal to the electors through the press urged them to "Vote for Motherwell and The Wheat Board." When faced with this in committee he took refuge in the statement that he had frequently expostulated with the Regina papers because of the use they had made of this, and, addressing Mr. Crerar, the leader of the Progressive Group at that time, asked: "Are you able to control your supporters?" The fact remains, however, that while he may have expostulated with the press, he never at any time during the election campaign set himself right with the electors, but let them continue to believe that he was in favour of the proposed wheat board. One is led to wonder what the result of the election would have been had his expostulations been made public at that time.

An Act based on R. M. Johnson's resolution was passed by the House on the recommendation of the Committee, on June 22nd, 1922, giving to any wheat board that might be established the powers, rights and privileges which were possessed by the Wheat Board of 1919, but which was not to come into operation until two or more of the provinces should have enacted the necessary enabling legislation. The operation of the Act, however, was not to extend beyond the fifteenth day of August, 1923, except for the winding up of the business of the Board, unless the operation of the Act should be extended previous to the first day of July, 1923.

## CHAPTER FIVE

### DEMAND FOR PROVINCIAL ACTION AND THE DUNNING PLAN

In view of the probability that this legislation would be enacted by the Dominion House, the Central Board of the Saskatchewan Grain Growers' Association, at its meeting on June 15th, 1922, passed a resolution calling upon the Provincial Government to summon a Special Session of the Legislature at the earliest possible date for full consideration of the position, and if, under the legislation finally passed by Parliament, it appeared practicable by provincial action to concentrate the sale of the wheat of Saskatchewan in the said board with safety to the interests of the farmers of the province, that the necessary legislation be promptly enacted.

It was further decided that if, for any reason, the action recommended was not taken, the Executive should recommend to the Provincial Government that action be at once taken, if necessary independent of the Federal Government, to establish a wheat board for Saskatchewan, with full control of wheat and wheat products, alone if joint action was not feasible, or jointly with similar boards created by Manitoba and Alberta. It was further decided to memorialize the Federal Government, demanding that, as the board to be created on the recommendation of the Committee of Colonization and Agriculture was not to have any control over flour and other wheat products, the board should contain a majority of representatives of the producers, and that no representation should be given to the milling interests.

The resolution requesting the calling of a Special Session was forwarded to Premier Dunning on June 17th. As soon as possible after a copy of the Federal Act became available, a Special Session was convened by proclamation of the Lieutenant-Governor. The Legislature was in session from July 20th to 27th and the necessary enabling legislation was passed. Similar action was also taken by the Alberta Government. The Government of Manitoba, however, made it a condition of the passing of similar legislation by the Legislature of that province, that the farmers' organizations of the three prairie provinces should get together and evolve some plan by which a permanent organization for the marketing of wheat might be set up on a purely co-operative, non-profit, non-compulsory basis, and that suitable men could be found to head the board. In view of this, the annual convention of the Saskatchewan Grain Growers' Association, which met at Saskatoon in February, 1923, passed a resolution requesting the Executive to endeavour, in co-operation with the three prairie provincial governments and the officials of the farmers' organizations, to develop

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a system of grain marketing on the lines suggested. The President, Vice-President and Secretary of the Association were accordingly appointed at the next meeting of the Executive to represent the association at an inter-provincial conference on the question.

Following the passing of the necessary legislation by the Federal and the two provincial legislatures, and apparently fearful lest even now all the efforts that had been made might result in failure, the Canadian Council of Agriculture passed a resolution which read:

"Whereas legislation has been passed by the Federal Parliament to provide for the creation of the Canadian Wheat Board; and

"Whereas concurrent legislation to the same end has been passed by the legislatures of Saskatchewan and Alberta; and

"Whereas there is every evidence that the farmers of the Western provinces are anxious that the Wheat Board be established:

"Therefore the Canadian Council of Agriculture expresses the hope that the provincial and federal authorities by co-operation will establish a workable board, and the Council also expresses its willingness to assist in making the operations of the board a success. And

"The Council expresses the hope that the Manitoba Legislature at its forthcoming session will enact legislation similar to that passed by the Alberta and Saskatchewan Legislatures, in order that the wheat board may be established in ample time to handle the next crop of the three prairie provinces."

That the Council had the backing of the two farmers' commercial bodies is evident from the fact that both the Saskatchewan Co-operative Elevator Company and the United Grain Growers had previously passed resolutions having the same object in view.

On December 15th, 1922, a plan for the co-operative marketing of wheat had been put forward by Premier Dunning in a speech at Saskatoon, in which he declared himself opposed to the compulsory feature of the wheat board legislation.

In the course of his address, Mr. Dunning said: "I am being asked every day to take the lead in this matter of grain marketing. Many of our citizens have urged me, and are urging me today, to consent to take the chairmanship of a wheat board, and many others are asking me to suggest a solution. I have waited hoping that the meeting of the Canadian Council of Agriculture would result in some carefully considered suggestion as to grain marketing methods which should be followed in the future, but have been disappointed, and now, in consequence of the pressure to which I am being subjected, I feel it my duty to make a suggestion as to how improvement might be brought about."

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He proposed, first, that the United Grain Growers, Ltd., and the Saskatchewan Co-operative Elevator Co. Ltd. should amalgamate on a co-operative basis, but for the export end of the business only, each with an equal share of the capital and control of the merger, under the name of the Canadian Farmers' Export Company; second, the Canadian Farmers' Export Company should agree to receive consignments of grain to its order at Fort William or Port Arthur, and should make an initial payment thereon, and issue participation certificates in the same manner as the Wheat Board of 1919; third, that the Canadian Farmers' Export Company should make arrangements with its parent companies, the U.G.G. and the Co-operative Elevator Company, to receive street grain on account of the Export Company at each one of their 700 country elevators, and to make the initial payment and issue participation certificates thereon.

The arrangement should be similar to that in effect in 1919 between the Canadian Wheat Board and the elevator companies, and should be open also to companies other than those controlled by the organized farmers. At the end of the year the Export Company should have an amount available for distribution. Out of this, a dividend of not more than ten per cent. upon the paid-up capital invested by the farmers' companies in the Export Company should be paid. A reserve to not more than ten per cent. of the balance remaining should be created. After payment had been made into the reserve, the balance of the fund remaining in the hands of the Export Company should be distributed as payment for participation certificates in exactly the same manner as the Canadian Wheat Board did in 1919.

Under these circumstances the merger would not have any use for the Grain Exchange, but would carry grain direct to Fort William or Port Arthur. Mr. Dunning claimed that the plan would:

- (1) Ensure a world average level price, less cost of handling;
- (2) It would apply to all grains;
- (3) It would be controlled by farmers' business organizations; and
- (4) It contained the best guarantee, which lies in freedom, the basic principle on which great farmers' organizations were founded, and would avoid the flaws of a compulsory system.

He promised that if this plan were adopted it would have the financial backing of the Provincial Government.

In an article which appeared in *The Farm and Ranch Review* on December 29th, 1922, the editor, C. W. Peterson, commended the scheme proposed by Premier Dunning, and criticised with the utmost severity the attitude of the farmers' leaders, and particularly those who were in charge of the two farmers'

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companies, declaring that "If the 'bosses' had really wanted it, these companies could have commenced functioning on a co-operative basis years ago; and if they had we would never have heard a word about compulsory wheat marketing through a government body."\* In a further article on February 20th, 1923, Mr. Peterson urged the farmers to force the two companies to amalgamate, or at least to co-ordinate their efforts, "as they were intended and expected to do by those who organized them."

*The Saskatoon Star* also regarded the proposal with considerable favour, and declared that "It can be done; Mr. Dunning is the man to do it, and he can do it if he receives the co-operation from others in the spirit which his sincerity deserves."

In other quarters, however, the proposal met with severe criticism. The Hon. George Langley declared that uncertain deliveries constituted the principal fault of the scheme, that they could not hope for the plan to handle more than 25 per cent. of the grain crop, that it would be subject to the competition of the Grain Exchange, and that it would be doomed to failure before it commenced.

### EFFORTS TO ESTABLISH A BOARD

The Annual Convention of the Saskatchewan Grain Growers' Association took place in the month of January, 1923, when the following resolution was adopted:

"Resolved that we renew our demand for a wheat board with as nearly as possible the powers invested in the 1919 Board, and ask our provincial government to make every endeavour to co-operate with the provincial governments of Manitoba and Alberta to that end; and we request our federal members to put forth every effort to secure such legislation from the Dominion Government as may be necessary."

During the progress of these events Premiers Dunning and Greenfield had made every effort to find suitable men to head the board, but without success. Speaking in the Legislature on February 20th, 1923, Premier Dunning gave a short resume of the efforts made by Premier Greenfield and himself. He informed the House that on July 18th, two days before the Special Session opened, he had already written the Prime Minister of Canada stating that they desired the services of Messrs. Stewart and Riddell. On July 28th he received a wire from the Deputy Minister of Trade and Commerce suggesting that the governments of Saskatchewan and Alberta should confer and make a joint recommendation as to the Chairman, Vice-Chairman and members of the Board, and stating that the Federal Government would make every effort to secure the services of the gentlemen named. On

\* There was a demand for the payment of patronage dividend by the Saskatchewan Co-operative Elevator Company's shareholders throughout its career.

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August 3rd the Acting Minister of Trade and Commerce wired that Stewart and Riddell had declined to accept the positions offered, and asking for two other names in a joint recommendation. Premier Dunning, however, urged the Government to request them to re-consider their decision, and stated that he and Premier Greenfield would submit other names only when certain that their decision was final. Premier Greenfield wired Ottawa to the same effect and both of them addressed personal wires to Messrs. Stewart and Riddell. Still further efforts were made both by the Premiers and the Prime Minister of Canada to induce them to alter their decision, but without success.

They then wired other names to the Prime Minister, the first of these being that of H. W. Wood, who consented to accept the position provided Messrs. Stewart and Riddell would join the board. As they still declined, the proposition was placed successively before Mr. Rice-Jones, Mr. J. R. Murray, both of the United Grain Growers, Ltd., and John I. McFarland, of the Alberta-Pacific Grain Co., Calgary, all of whom declined. Two other names which Premier Dunning did not disclose, were submitted, and when it had become evident that none of the men would accept, the two premiers wired Ottawa that they could not make any further recommendations.

In consequence of the failure of Premiers Dunning and Greenfield to find suitable men to head the proposed wheat board, it was announced by Premier Bracken on August 16th that no action would be taken by Manitoba for the institution of a wheat board, as the necessity for such action had now been eliminated.

It should be recorded here that the Farmers' Union of Canada\* recommended the appointment of their Vice-President, J. H. Haslam, of Regina, as Chairman of the proposed board, the letter of the Secretary to Premier Dunning reading as follows:

"There is some feeling that you are having some difficulty in procuring a suitable man for the Chairman of the Wheat Board. The demand for the Wheat Board is greater than ever at the present time, and we fear that we may not get it. There has been a very great demand for J. H. Haslam as Chairman, and the Executive of this Union feel that he has the qualifications. He says he knows where men of the greatest knowledge and experience may be had to do the buying, selling, transporting and financing. He has consented, if you wish him to make the effort, to get the men subject to your approval. The Executive of this Union has asked me to urge you to let Mr. Haslam try what can be done. It will satisfy the people that everything has been done. This, of course, if you cannot get grain men in Winnipeg, or elsewhere, to accept responsibility of the executive positions."†

\*The organization of the Farmers' Union is described on page 57.

†Mr. Haslam's proposals in this connection ultimately led to his expulsion from the F.U. See page 70.

As Mr. Dunning did not comply with this request, it may be safely assumed that, for some reason, Mr. Haslam did not commend himself to the Premier, who knew him intimately. The Farmers' Union had also suggested the possibility of obtaining a man from Australia to take charge of the work, but this also was turned down by Premier Dunning on the ground that he would not be sufficiently familiar with Canadian conditions to be able to make a success of it.

At the same session of the Legislature Premier Dunning moved a resolution requesting the Federal Government to pass an Order-in-Council renewing the Canada Wheat Board Act, 1922, for one year. The resolution was carried unanimously by the Legislature on February 26th, 1923.

In view of the imminent collapse of the efforts to find capable officials to head the proposed board, the Executive of the Saskatchewan Grain Growers' Association, at a meeting held on June 8th, 1923, recommended the appointment of J. A. Maharg, President of the Association, as Chairman, and Fred W. Riddell, who had been one of those to refuse the Chairmanship, as Vice-Chairman, as a way out of the difficulty.

Severe criticism was directed against the farmers' leaders in many directions on the ground of vacillation with regard to the organization of a pool; notably in the columns of *The Farm and Ranch Review*, to which reference has already been made. In justice to them, however, it should be remembered that all through this anxious period the farmers' conventions had been passing resolutions demanding the re-instatement of the Canada Wheat Board, the work of which had so seized on the imagination of the farming community that it seemed as though no other method would satisfy them.

At the same time, while allowing for this, it is practically certain that if the leaders had given a really strong lead, the minds of the farmers might have been diverted from the idea of a wheat board to that of the pooling method, in which case a pool might have been put into operation at a much earlier period. It was here that Sapiro scored. As the form of contract drafted by the Canadian Council of Agriculture three years before in connection with their proposed pool showed, it was not that Sapiro had anything new to propose, but rather than he gave the farmers the enthusiasm and confidence necessary to put the plan into operation. Had the farmers' leaders inspired the people with a similar feeling of enthusiasm and confidence, they would in all probability have accomplished then what was left for Sapiro to do. Sapiro's great merit was that he refused to see the difficulties, looking right past them to the desired end.

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There is, however, something more to be said for the local leaders. It is to be remembered that they were feeling their way, as it were, through a new and untried country. When Sapiro came to the province he came with a plan that had already been tried out and found successful, and he could, therefore, present it with perfect confidence. The local leaders were not in that position. They had not had any practical experience in the organization or working of a pool and, naturally, they were inclined to go carefully, knowing that one false step might wreck the whole scheme. The acquirement of complete confidence is dependent on the fullest knowledge and experience, and these the local leaders did not then possess.

Had the organization of the Saskatchewan Pool been his first attempt at co-operative marketing, Sapiro himself could not have presented it with the confidence that he did. If proof of this is needed, we have it in his own words during his first public speech in Third Avenue Church, Saskatoon, when he said: "There have been twenty times as many failures in co-operative marketing as there have been successes. That even applies to my own State of California, because there we went through every kind of wrong movement, and committed every possible kind of blunder before we ever succeeded in any of the co-operative marketing activities." Confidence under such conditions would have been utterly impossible, even to Sapiro. In judging the local leaders we must, in all fairness, take these things into account.

One June 15th, 1923, Mr. H. W. Wood wrote an article in *The U.F.A.*, the organ of his association, in the course of which he said: "We all hope to have a wheat board to sell the 1923 crop, but there are few, if any, of us who do not believe that a co-operative pool system will be the ultimate solution of the problem of marketing our farm products. In the judgment of many this is by far the most important question we are facing today, and the subject should be studied most carefully and fully. Until this question is solved, industrial stability and agricultural prosperity are impossible."



## CHAPTER SIX

## THE ALBERTA WHEAT POOL ORGANIZED

Mr. Wood was in Winnipeg when the failure of the Wheat Board negotiations was announced and, at a meeting of the Board of Directors of the United Grain Growers, at which he was present by invitation, he announced his intention of returning immediately to Calgary with the object of taking up the formation of a wheat pool.\* Immediately on his arrival in Calgary he called the Central Board of the U.F.A. together to consider plans for the organization of a voluntary contract wheat pool. Prior to the meeting of the Board he prepared a statement for publication in *The U.F.A.* which appeared on July 3rd, in which he said:

"So the establishment of a wheat board has failed again this year, and I think it is the general opinion of those most interested in the matter that it would be unwise, if not futile, to continue our efforts to secure a compulsory board. This does not mean that there is an inclination anywhere among the farmers to continue submissive endurance of a selling system that they realise more than ever before is all wrong, and can never be made right. This system has already fallen under the condemnation of all the English-speaking wheat-exporting countries of the world, and its passing is inevitable.

"So far as Western Canada is concerned the only question is: 'Where do we go from here?' What is the next best step to take in securing a wheat marketing system in which the interest of the seller will not only have some consideration, but the seller himself will have something to say about the price. I think there will be no division of opinion that not only the best thing, but the only thing to do is to renew our efforts to establish a voluntary pool system. It is true that the committee composed of representatives of all the farmers' organizations in the three provinces failed in 1921, but this failure does not represent final defeat.

"There are other ways of going about the organization of a pool. Perhaps the most logical and quickest way to get it in operation would be for the two farmers' grain companies to take the initiative. These companies have the organization already set up to enable them to begin the work of organizing the pool at once. Their equipment, including some 600 country elevators and several

\* This was stated to the author by Mr. H. E. G. H. Scholefield, Vice-President of the U.F.A., and was later confirmed in a letter to the author by Mr. John R. Reid, a Director of the U.G.G., who spoke also for three other Directors of the U.G.G., who were present on the occasion referred to. This is mentioned in justice to Mr. Wood, who was accused by Mr. Sapiro and others of having been opposed to the formation of a contract pool. Writing the author on Dec. 5, 1929, Mr. A. J. McPhail said: "I know definitely that Mr. Wood was in favor of a contract pool as early as the fall of 1920."

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terminals, is all essential to the practical operation of the pool, and it is already the property of the farmers who want the pool. It is being impressed upon us more all the time, by the development of conditions and by those who presume to advise, that if we want things done we must do them ourselves. All the activities of these companies in the handling of grain up to the present time have been preparatory to the co-operative selling of grain. Their work has led up to that point, and a time has come for them to pass over the border line into the real promised land of co-operative grain marketing.

"This does not mean that these companies should, through their management, control and operate a company pool. It means that the companies should be merged into a real co-operative pool, operated by and in the interest of the producers, in full accord with the Sapiro principles of co-operative marketing. . . . But suppose the companies for some reason are not ready to move at once in this enterprise, what then?

"If the leaders of the three provinces cannot or will not organize a pool, and if the companies are not yet ready to act in the initiative, the only thing left is for the people of each province, through their own primary organizations, assisted where necessary by the Provincial Governments, to move as quickly as possible in the organization of a provincial pool. Through this method the wheat growers of each province will become directly responsible for their own pool, and the leaders of each province will become directly responsible for their actions to their own people. As fast as the provinces are organized they can join together in one pool or selling system."

It seems perfectly clear from the wording of the above extract that, whatever may have been Mr. Wood's previous attitude towards the farmers' commercial companies, he had now reached the point where he was determined that, with or without their assistance, the farmers of the prairie provinces, so far as he was concerned, were to have each their own provincial pool, that these pools were to be in full accord with the principles advanced by Mr. Sapiro, and that they were to be followed by the organization of an inter-provincial selling agency. No other construction can possibly be placed upon his words. Moreover, it is to be noted that this declaration was made fully a month before Mr. Sapiro paid his first visit to the provinces of Alberta and Saskatchewan. It will be seen from what has preceded and what follows that Mr. Wood lost no time in putting his ideas into effect.

The Central Board of the U.F.A. met from July 3rd to 6th to consider plans for the creation of a wheat pool, and the following resolution was adopted:

"Whereas the United Farmers of Alberta have decided upon a policy of co-operative marketing of all farm produce, and

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have charged their Board of Directors with the duty of formulating a system under which this can be carried out: and

"Whereas with the fresh failure of the attempt to form a Wheat Board, there is general demand for a voluntary pool to take its place: and

"Whereas such wheat pool is the logical first step to take towards inaugurating a system of co-operative marketing to include all farm produce:

"Therefore be it resolved that this Board take steps to organize a wheat pool for Alberta, to come into operation at the earliest date practicable: and that the sister Western provinces be urged to also organize provincial pools, thereby securing inter-provincial co-operation for the more advantageous placing of the grain on the world's markets, with the ultimate ideal of a world-wide systematized plan of wheat marketing.

Later in the same meeting Messrs. Jackman, Lunn and Brown were appointed a committee to carry out the instructions of the Board, as required by the following resolution:

"That a committee of three be appointed and instructed to take all possible steps to organize a wheat pool at the earliest practicable date, and that they be empowered to seek the co-operation of the Provincial Government and other interested bodies."

The Board also instructed Mr. H. E. G. H. Scholefield, the Vice-President of the Association, to attend a conference of farm organizations in Winnipeg, which had been called by the Canadian Council of Agriculture, with instructions to outline the attitude of the Board in relation to a wheat pool, and he left for Winnipeg for that purpose while the Board was still in session. The plans of the United Farmers of Alberta were carried to a successful conclusion, and the Alberta Wheat Pool became the first wheat pool to be organized in Canada.

The conference of the Canadian Council of Agriculture mentioned above was called by J. W. Ward, who was at that time Secretary of the Council, in accordance with a resolution adopted by the annual meeting of the Council, held in Toronto the previous March, and took place on July 4th and 5th. This conference was held for the specific purpose of dealing with the wheat marketing problem. Largely, however, on account of the fact that Alberta had already decided to organize a pool, the question was referred back to the associations of the three provinces for further consideration and decision. As a result of this consideration the executive of the Saskatchewan Grain Growers' Association decided to organize a voluntary non-contract pool, to which reference will be made later.

The Alberta Pool began to operate on Oct. 29th, 1923, on which day thousands of bushels of grain were delivered to the Pool. Many farmers, after signing up had held their grain until

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the time appointed for the acceptance of deliveries, and arrangements subsequently made with the United Grain Growers, the Alberta Pacific and other companies made it possible for wheat to be received on the above date, as had been agreed on. Chester M. Elliott, formerly with the United Grain Growers at Calgary, was the first General Manager of the pool, with D. L. Smith, of the U.G.G. Export Company, Winnipeg, as the Selling Agent, who was to trade on the floor of the Grain Exchange. By the end of January, 1924, the Alberta Pool had handled no less than 25 million bushels for its members.

There was some disagreement among the members of the Alberta Pool organization committee with respect to the elevator policy which should be followed. One section contended that arrangements should be made for elevators, and a general manager appointed prior to the issue of contracts. Those taking this view included John I. McFarland, of the Alberta-Pacific Grain Co. Ltd. H. W. Wood, however, took the position that the formation of the pool was contingent upon the signing of the requisite number of contracts, and that arrangements with elevators and the appointment of a general manager could not be done until the necessary number of contracts had been secured. Mr. McFarland had previously offered to dispose of his company's elevators to the pool, and the fact that the offer had been declined may possibly have influenced him in the position he assumed on this question.

The contention of Mr. Wood was upheld by Mr. Sapiro who, in a letter to the *Calgary Herald* declared that "The present plan of immediate incorporation and campaign for signatures is absolutely sound," and added: "Please advise Mr. McFarland that it is impossible to make arrangements for elevators, or finances, or personnel before the sign-up campaign. On the elevators I recommend contracts of use with option of purchase, but no purchase immediately at the start."

### THE SASKATCHEWAN FARMERS CONSIDER A PROVINCIAL POOL

After this short but necessary digression, we must return to Saskatchewan and see how events were shaping themselves in this, by far the most difficult province to organize on a wheat pool basis, because of the vastly greater area devoted to wheat growing and the consequently much larger volume of wheat to be dealt with.

Reverting to the recommendation of the Executive of the Saskatchewan Grain Growers' Association of Fred W. Riddell as Vice-Chairman of the proposed board, this was placed definitely before Mr. Riddell at a meeting of the Executive held on July 18th, 1923, but he declined to give any definite decision until he had placed the matter before the Board of the Co-operative

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Elevator Company, of which, as we have already said, he was Managing Director. Under these circumstances the Executive apparently considered the position hopeless for, before the meeting adjourned, the following resolution was adopted:

"Whereas it was found impossible to bring into operation a Wheat Board, and realizing the widespread demand among farmers for a co-operative wheat pool;

"Resolved that we proceed to organize a provincial wheat pool for the marketing of this year's crop, looking towards the fullest measure of inter-provincial co-operation."

Ten days later, on July 28th, the first meeting of the Board of the proposed pool took place at the Central Office of the Association, those present being Messrs. J. A. Maharg, George F. Edwards, A. E. Wilson, Hon. C. M. Hamilton and A. J. McPhail.\* Mr. Maharg was appointed Chairman of the Board, and A. J. McPhail Secretary. Some necessary arrangements were made looking to the opening of a province-wide campaign. A tent was also secured on the Provincial Exhibition ground at Regina, at which representatives attended to give information with regard to the proposed pool. It was agreed to incorporate under the name of the "United Farmers' Wheat Pool," and incorporation was effected only a day or two prior to the visit of Mr. Sapiro to the province.

The proposed pool was to be a voluntary non-contract pool. This decision was taken because the Executive believed that it was too late in the season to organize on a contract basis in time to market the crop of 1923. It was distinctly understood, however, that this was a temporary measure only, and that the Association would at once begin organization work for a wheat pool on a contract basis for the year 1924. This was regarded by a very large number of farmers in the province as a make-shift, and the proposal was attacked with great vehemence.

Speaking of this proposal on his first visit to the province, Mr. Sapiro said: "I read in one of the papers that some of your people were planning making a wheat pool without a written contract. If they had done that they would have found themselves in the worst mess that the whole province has ever seen." If Mr. Sapiro was right in his judgment, it is no doubt well that the scheme was never put into effect.

While the contention of the Executive seemed to be justified by the failure of the campaign undertaken during the visit of Mr. Sapiro to secure the requisite acreage signed up in time to market the crop of 1923, this result may have been affected to some extent by the limitation of the period allowed for signature

\* J. A. Maharg was President, G. F. Edwards Vice-President, and A. J. McPhail Secretary of the S.G.G.A. Hon. C. M. Hamilton was Minister of Agriculture in the Provincial Government.

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on the contract to some twelve days; though, when we remember the strenuous work that was required to secure the additional acreage in the early part of 1924, it seems doubtful whether this factor had any great influence on the result. The responsibility for the limitation of the period referred to above was laid by some at the door of J. A. Maharg. As far as can be ascertained, however, the decision was taken by the Provisional Board of the Pool as a whole.

### INTER-PROVINCIAL SELLING AGENCY PROPOSED

On July 23rd, following the Executive meeting mentioned above, in which the decision was made to go forward with the organization of a voluntary non-contract pool, an Inter-provincial Conference was held at Regina. At this conference the Saskatchewan Grain Growers' Association was represented by J. A. Maharg, George F. Edwards and A. J. McPhail; the United Farmers of Manitoba by Colin H. Burnell, D. G. McKenzie and Peter Wright, and the United Farmers of Alberta by H. W. Wood, A. J. Jackman and S. Lunn. H. W. Wood was appointed chairman of the conference.

There were also present, by invitation, W. Norman Smith of the United Farmers of Alberta, H. B. Cowan of Ontario, A. E. Darby, at that time editor of the *Saskatchewan Co-operative News*, and John W. Ward, Secretary of the Canadian Council of Agriculture, who was appointed secretary of the conference. On its being intimated to the conference by Mr. McPhail that L. C. Brouillette, Vice-President of the Farmers' Union of Canada, had requested representation for that body, an invitation was extended to him and Mr. Laird, and they attended the afternoon sitting of the conference.

This conference was called in response to resolutions adopted by the organized farmers' conventions of the three prairie provinces, demanding the organization of provincial pools, and an inter-provincial selling agency. In line with this demand the following resolutions were unanimously adopted by the conference:

"(1) Whereas the United Farmers of Alberta, the Saskatchewan Grain Growers' Association and the United Farmers of Manitoba have decided on the formation of pools for the co-operative marketing of wheat; and

"Whereas it is desirable that there should be the fullest possible inter-provincial co-operation:

"Therefore be it resolved that this meeting pledges itself to endeavour to secure uniformity in the arrangements for organizing provincial wheat pools, and the placing of all pooled wheat on the market through an inter-provincial selling agency."

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"(2) Resolved that this meeting is in favour of the organization of the provincial wheat pools on a contract basis, and that a committee be appointed to draw up, with the necessary legal assistance, a uniform form of contract for the three provinces."

"(3) Resolved that the committee appointed to draw up a form of contract be authorized to secure legal advice and draw up a proposed plan for the organization of an inter-provincial selling agency, and also to consider all matters of an inter-provincial nature connected with the proposed pooling system, and to report to a future meeting of this conference."

There were appointed as a committee to draft the form of contract, D. G. McKenzie, Manitoba; W. J. Jackman, Alberta; and J. A. Maharg, Saskatchewan.

It will be seen from the above, therefore, that the three prairie provinces were in a fair way to the establishment of contract wheat pools prior to arrangements being completed for Mr. Sapiro's first visit to the province, in which case an inter-provincial selling agency would have followed as a necessary concomitant of the scheme.

In reporting to the Farmers' Union on this conference, Mr. Brouillette expressed some disappointment at the fact that the delegates to the conference were unable to produce any definite programme for the pool, or even a contract. Seeing, however, that the conference was only a preliminary one, and in view of the fact that a committee had been appointed to draft a contract, the criticism scarcely seems reasonable. A uniform contract, was an impossibility until the members of the committee were able to confer together, and this they had arranged to do. Moreover, it may safely be assumed that the Farmers' Union itself did not have a definite contract for a pool, as the contract for the Saskatchewan Pool was not definitely settled until after Mr. Sapiro's visit, a copy of the Alberta contract being obtained for the purpose, although this was not followed in its entirety.

Mr. Brouillette also reported that Mr. Maharg had informed him that he had a plan for a wheat pool, which would be in the press before the arrival of Mr. Sapiro, that he would place his plan before the conference called by the Farmers' Union at Saskatoon on August 6th, and that he would be open to receive any suggestions from the conference for the immediate formation of a pool for the handling of that year's crop. This was, presumably, the voluntary non-contract pool to which reference has already been made.

Referring to the foregoing events, Mr. McPhail, who was at that time the Central Secretary of the Saskatchewan Grain Growers' Association, wrote a lengthy article to *The Saskatoon Star*, in which he stated that "A considerable amount of propaganda has appeared in the *Star* and other papers throughout

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the West during the past few weeks," which, he said, was being circulated with the quite evident intention of deliberately misleading the public regarding the attitude of the farmers' organizations of the three prairie provinces in connection with the wheat marketing problem, and that the Grain Growers' Association had been accused in many quarters of inaction in connection with that matter.

He pointed out that during the past three years the members of the three organizations had been passing resolutions urging the appointment of a wheat board, and that no action could be taken looking to the establishment of a wheat pool until it was definitely known that no wheat board would be appointed for the marketing of that year's crop, as they would immediately have been accused of endeavouring to kill the wheat board proposal.

He said, however, that while the delegates attending the Canadian Council of Agriculture were unanimously of the opinion that it would be impossible to organize an inter-provincial selling agency for that year's crop, it was decided to organize in each province a provincial contract pool with an inter-provincial selling agency, and a committee was appointed to work out further details. The accusation that the farmers' organizations of the three provinces were not sincere in this matter, he said, was absolutely without foundation in fact.



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N. H. SCHWARZ  
*First Secretary of Farmers' Union*

## CHAPTER SEVEN

### THE FARMERS' UNION APPEALS TO SAPIRO

We must now turn our attention to another phase of the movement. In the year 1921 a small group of farmers gathered at Ituna, Saskatchewan, and formed an organization "with the object in view of supporting and affiliating with farmers' organizations in all the large producing countries to obtain control of all main farm produce, to regulate and obtain reasonable prices above cost of production, and also to protect the farmers' interests by the support and strength of their own organization." Joe Thompson, of Ituna, was its first President.

On July 1st in that year the Secretary, N. H. Schwarz, and another member of the new organization drove 100 miles north to Kelvington, Saskatchewan, where an organization known as the "Industrial Farmers' Union of Canada" had been set up. Bound together by a bond of dissatisfaction with the leaders of the older organizations, this gathering was the occasion of a union of forces under the name of "The Farmers' Union of Canada," an economic organization whose main purpose, as mentioned above, was to secure a fair price for the products of the members by means of a better system of marketing.

Early in the movement there joined one who became one of the most interested workers on behalf of the organization, L. C. Brouillette, of Landis, Saskatchewan, who spared no effort to make the movement a success. In the early part of March, 1923, his attention was drawn to the articles in *The Farm and Ranch Review* already quoted. Writing to the Secretary of the Union, he said: "At our meeting this week some interesting articles were read from papers—one by me, written by the Mr. Haslam whose views are identical with my own and, I think, your own. Another article was read by our Chairman, Mr. Bruce Hart, from a late copy of *The Farm and Ranch Review*. It was an answer to some leader in Canada who had written to this Mr. Sapiro for advice on marketing. . . . I would certainly be pleased to have this man come to Canada, for he has proven his ability, also sincerity, and no doubt you can use your good influence in writing him." Thus early began Mr. Brouillette's interest in and devotion to Mr. Sapiro which, as everyone knows, continued unabated throughout the years.

Acting on this suggestion, the Secretary, Mr. Schwarz, wrote to Mr. Sapiro under date of April 23rd, 1923, stating that he had been instructed to write him about the system of marketing he considered most suitable for Western Canada, and inviting him to come to Western Canada to discuss the question. Two weeks prior to this time, an interview with Mr. W. M. Thrasher, who

later became Secretary of the Farmers' Union, had appeared in *The Saskatoon Star*, in which Mr. Thrasher declared that "the three prairie provinces will never have a sound co-operative system of marketing their grain until the whole matter is taken clear of politics." He declared that all previous efforts had failed because of political sentiment, which had made true co-operation impossible, while the so-called co-operative marketing companies\* were nothing more than joint stock companies, which had turned every advantage to their own ends. The only way to bring about a change, he said, was to bring in an outsider of acknowledged skill. "Such a man was available in the person of Aaron Sapiro."

The invitation of Mr. Schwarz was followed four weeks later, on May 26th, 1923, by a letter from L. P. McNamee, who was at that time President of the Farmers' Union, inviting Mr. Sapiro to attend a mass meeting at Yorkton on June 6th, or the annual convention of the Union at Saskatoon on July 2nd, and to address the farmers on the "co-operative pool marketing system." As Mr. Sapiro was unable to accept the invitation, a resolution was adopted at the annual convention to the effect that, as it was impossible to have Aaron Sapiro speak at the convention, the Executive should make "some arrangement either through the Farmers' Union or the Government to obtain his services for the purpose of aiding in the organization of the marketing of grain." At this same convention a committee was appointed to "confer with the Saskatoon Board of Trade for the purpose of calling a conference to discuss ways and means to establish a voluntary pool." A publicity Committee was also formed to bring the matter before the public.

During the time that the Farmers' Union Convention was meeting, Mr. P. P. Woodbridge, Assistant Editor of *The Farm and Ranch Review*, of Calgary, addressed a meeting of delegates to the Convention at the Labour Temple, Saskatoon, when he said he sympathised with those who sought a grain board for the present year. So long as there had been any possibility of such an organization being established in 1923, it had been a measure worthy of support. When, however, time had shown that a wheat board for that year was out of the question, the next step was to form a voluntary pool on a contract basis. He eulogised the work of Mr. Sapiro and stated that he favoured whole-heartedly the organization of a wheat pool, and also the inviting of Mr. Sapiro or other specialist in co-operative marketing, to visit Western Canada. Mr. Woodbridge stressed the need for unity among farmers as a class, and said that if a solid front were presented upon vital questions there was more likelihood that the end aimed at would more easily be gained.

\* *The United Grain Growers Ltd. and the Saskatchewan Co-operative Elevator Company Ltd.*

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It will be noted that the attitude of Mr. Woodbridge as to the necessity of waiting until a decision had been made as to a wheat board before organizing a wheat pool, coincided exactly with that of the officials of the older farm organizations and the Canadian Council of Agriculture, for which they were strongly criticised by members of the Farmers' Union.

From what has gone before, it will be seen that the farmers' organizations in all the three provinces were working on preliminary plans for the organization of a gigantic pool to handle the entire crop of Western Canada. The United Farmers of Alberta, as recorded elsewhere, were the first to take definite action. The Farmers' Union were endeavouring to secure the services of Mr. Sapiro, the S.G.G.A. were at the same time in communication with him with the same end in view, and the United Farmers of Manitoba were holding a special session in Winnipeg for the same purpose. Recognizing that there had been a definite and final breakdown in the negotiations for the establishment of a wheat board, these bodies decided in favour of the immediate establishment of co-operative marketing through a wheat pool, with the fullest possible inter-provincial co-operation, and recommended joint action, which was taken later in the month, when a joint conference was held at Regina, as already recorded. Meanwhile, the Farmers' Union went forward with their efforts to have Mr. Sapiro visit Western Canada.

While, however, the credit of actually bringing Mr. Sapiro to Western Canada undoubtedly belongs to the Farmers' Union, their's was not the first effort that had been made to secure his services. As a matter of fact, this honour belongs to the Hon. Manning Doherty, then Minister of Agriculture of the Province of Ontario, and Hon. T. A. Crerar.

In the month of December, 1922, Mr. Crerar addressed letters to the provincial secretaries of the United Farmers of Manitoba and Alberta, and the Saskatchewan Grain Growers' Association, advising them that the Hon. Manning Doherty had written him stating that it was desired, if possible, that Mr. Sapiro, who had been giving him some assistance in the matter of organizing the dairy interests of Ontario, should speak at one or two of the farmers' conventions to be held in the West in the month of January, 1923, and Mr. Crerar suggested that they should get in touch with Sapiro through Mr. Doherty. This was followed by further letters from Mr. Crerar dated January 2nd, 8th and 9th\* in the course of which he made it clear that Mr. Sapiro was willing to come to the West for bare travelling expenses, on account of the interest he had in the question, and stated that "If you wish me to do anything further in the matter I would be glad to do it."

\* These letters were addressed to Mr. A. J. McPhail, Secretary of the Saskatchewan Grain Growers' Association.

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This presents a new view of Mr. Crerar, revealing him in a more favourable light than that in which he had been regarded by many Western farmers during the past few years.

Communications then took place between the three provincial secretaries, who agreed on behalf of their respective associations, to bear their share of the expenses. It seemed certain, therefore, that Sapiro would be present at the Annual Convention of the Saskatchewan Grain Growers' Association, which was held in that year at Saskatoon. On January 12th, however, a telegram was received from the secretary of the U.E.A. stating: "Wire received Aaron Sapiro stating engagements prevent attending convention. Writing." Had circumstances not made it necessary, unfortunately, for Mr. Sapiro to cancel the engagement, it is more than likely that organization work for the pool would have been undertaken at least six months earlier than it was, and that the Pool would have been operating in time for the crop of 1923.

Again, on May 12th, 1923, action was taken by the *Regina Morning Leader* which it is rather difficult to understand in view of the subsequent attitude of the paper towards the Pool. On that date a wire was sent by the managing editor of *The Leader*, Mr. Burford Hooke, to Aaron Sapiro, inviting him to come to Saskatchewan at the expense of The Leader Publishing Company. Sapiro expressed his willingness to do so, provided the matter was taken up with the farmers' leaders, the Provincial leaders and representatives of the banking and general commercial interests. On May 23rd *The Leader* advised Sapiro that an effort was being made to line up the interests mentioned. In the meantime, however, the prospects for the re-appointment of the Wheat Board had improved, and this was given as the reason for the cancellation of the invitation on June 15th. What other reasons there may have been behind this decision can only be surmised. In issuing the invitation, however, the proprietors of the paper declared that they were prepared to bring Sapiro to the province at their own expense, "so long as it was thought material to the welfare of the province, and the problem it had to face."

### EFFORTS TO SECURE UNITY

Determined to leave no stone unturned in his effort to have Mr. Sapiro come to Canada, Mr. Brouillette urged that local lodges of the Farmers' Union should each induce at least ten individual members to wire Mr. Dunning, the Premier of the province at that time, demanding that he use his influence to secure a visit from Mr. Sapiro.

As a result of a decision arrived at by the Executive of the Farmers' Union on July 4th, the following wire was despatched to the secretary of the S.G.G.A., Mr. McPhail: "Have been informed by Sapiro that he will come to assist us in forming

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voluntary grain pool for 1923 crop. Will you co operate in asking Sapiro to come?" Similar wires were sent also to the United Farmers in Manitoba and Alberta. As already stated, the Central Board of the United Farmers of Alberta was just then in session, and in reply, they advised the Farmers' Union that they had already decided to organize a voluntary pool to market that year's crop. Apparently a favourable reply had been received from Manitoba for, on July 9th, Mr. Brouillette wired Mr. McPhail as follows: "Where can I locate John Maharg during next two days? Your organization is the only one of all others in three provinces not given to pledge support to Sapiro idea. Have provincial governments of Manitoba and Saskatchewan full support. Farmers demand action. Will the S.G.C. wire support? Expect to have Sapiro here at earliest possible time. He can leave for Canada July 23rd, and is awaiting invitation." Immediately on receipt of this wire Mr. Brouillette was advised by wire where he could locate Mr. Maharg, but for some reason, probably due to their individual activities, they failed to meet.

A meeting of the Executive of the Saskatchewan Grain Growers' Association had been called for July 17th, and this having come to the knowledge of the Farmers' Union Executive, a series of wires followed requesting that a delegation from the Farmers' Union be received, with the hope of arranging co-operative action with regard to the formation of a voluntary pool for the crop of 1923. To these requests, Mr. McPhail replied that he had no authority to extend an invitation. He stated, however, that the S.G.G.A. Executive would deal with the matter at their meeting on the 17th inst. Under these circumstances, nevertheless, a deputation from the Farmers' Union left for Regina, and on the date of the meeting Mr. McPhail was advised by wire that the delegation was then in Regina, and could be reached at the King's Hotel. The message also stated that they had valuable information which would lead the way for united action between the two bodies. Apparently the Executive of the S.G.G.A. got in touch with the delegation, as Mr. Fisher, of the Farmers' Union, was present while the question of a non-contract pool was under discussion, although, contrary to an entry in the Grain Growers' minutes, Mr. Fisher assured the author that no support was given to this project, either by him or the Farmers' Union as a body.\*

Under date of July 16th a message came through to Mr. McPhail from Aaron Sapiro at San Francisco in the following terms: "Can you get together with the Farmers' Union and make invitation joint with them? They have already invited me, but I have not yet wired my acceptance. You and they together could name your own fee for any services rendered. Please see them and wire me at once."

\* Letter from Mr. Fisher dated Feb. 12, 1930.

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The meeting to which reference has just been made was the one in which the decision was taken to organize a voluntary non-contract pool, and on the 18th Mr. McPhail wired Mr. Sapiro as follows: "We are not in a position to arrange conference. Organizing a provincial wheat pool for Saskatchewan immediately." There is no doubt whatever that the one thing which, more than any other, stood in the way of full co-operation at this time was the conviction on the part of the Grain Growers' Executive that it was impossible to organize a contract pool in time to market that year's crop, while the Executive of the Farmers' Union fully accepted the assurance of Mr. Sapiro that it could be done. At the same time, however, a considerable share of the blame must be put down to the jealousy and ill-feeling which existed between the two factions at this time.

Following the decision of the Grain Growers' Executive to organize a non-contract pool, and the arrangement of an Inter-Provincial Conference to be held in Regina, the Farmers' Union renewed their attempt to secure the co-operation of the S.G.G.A. for the organization of a contract pool and, on July 20th, they wired Mr. McPhail again urging that they should make every effort to come to an understanding, and work as a unit.

Before proceeding further, and in view of Mr. Brouillette's statement that the Farmers' Union had the full support of the Manitoba and Saskatchewan governments, it is advisable that we should ascertain the stand that the provincial government actually took in the matter.

## PREMIER DUNNING CLARIFIES GOVERNMENT'S POSITION

In the *Saskatoon Star* of July 9th, 1923, there appeared an interview with Mr. Brouillette, in which he stated that the proposal of the Farmers' Union was receiving the support of the U.F.A., the premiers of Manitoba and Saskatchewan, H. W. Wood, President of the U.F.A., and others. The interview went on to state that the Canadian Council of Agriculture had declared itself in favour of a voluntary pool, but expressed doubt as to whether it could be organized in time to handle the crop of that year. He also stated that a wire had been received from Sapiro the previous Sunday stating that with united effort contracts could be arranged, and movement started within 60 days. Alberta farmers, Mr. Brouillette stated, had already decided to go ahead with the formation of a voluntary pool, and to show the attitude of the farmers of Alberta, he quoted the following telegram from H. W. Wood: "On account failure to secure outside co-operation U.F.A. and Alberta Government have officially decided to proceed alone as rapidly as practicable in formation of wheat pool. Effort to secure Sapiro conditions failed at Winnipeg this week. Will

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accept practical co-operation from either province when offered. Until then we will continue our course. Each province must be responsible for its own initial organization." Mr. Brouillette further stated he had received wires from Premier Bracken and Premier Dunning assuring him they would immediately wire Mr. Sapiro expressing their approval of the plan, while Mr. McPhail had wired saying the matter would be taken up by the S.G.G.A., this, of course, referring to the meeting of the 17th. "The Farmers' Union," Mr. Brouillette declared, "was willing to stand in the background in this matter, and to devote its whole energy and enthusiasm to the success of the 1923 voluntary pool."

The day following this interview, however, another interview appeared, this time with Premier Dunning, who said: "It is not correct that the Saskatchewan Government is inviting Mr. Sapiro here to organize a voluntary wheat pool. Neither is it correct, to the best of my knowledge, that the governments of Manitoba and Alberta are so doing. Leaders of the Farmers' Union are apparently endeavouring to get Sapiro to come, and advised me that Sapiro had wired that to be successful, a pool would require to have united support of all farm papers, all farmers and grain growers' organizations and newspapers and, to use Sapiro's own words 'the moral support only of the three provincial governments.' The Farmers' Union officials requested that the Saskatchewan Government assure Mr. Sapiro that a voluntary pool would have the moral support of the government. This the government was quite willing to do, especially in view of the fact that the government has frequently, since last December, indicated its belief that a voluntary pool would be more likely to give satisfaction than a compulsory pool.

"Mr. Sapiro evidently desires that the farmers of the three provinces and public opinion generally as represented by the press, should be practically unanimous before he would consent to come. My view is that if such unanimous support for the voluntary pool idea can be secured, there would be no need of the services of a 'high-priced marketing engineer,' as the farmers of Western Canada have within their present marketing organization men who know much more about the grain problem than Mr. Sapiro possibly can. I understand from press reports that the Canadian Council of Agriculture, the Saskatchewan Grain Growers' Association, and the United Farmers of Manitoba and Alberta are working on the voluntary pool matter now, and until hearing from these organizations, the Saskatchewan Government will certainly not join in any expenditure to bring Sapiro here. If these farmers' organizations do not succeed in evolving anything satisfactory, we can consider whether the services of an expert propagandist such as Mr. Sapiro would be helpful. If anything is to be done for this season's crop, it must be done soon, and I hope the grain



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growers' organizations will soon make public the results of their efforts."

Interviewed the same day by the *Saskatoon Star*, Mr. Brouillette said: "Premier Dunning is wrong if he thinks the farmers do not want Aaron Sapiro to come to Western Canada to organize a voluntary pool. It is quite true that there are many men in the farmers' organization who know more about the Western grain business than Mr. Sapiro does. But they cannot secure the unanimous support of the farmers the way Sapiro can.\* Does Mr. Dunning think that the farmers would all sign up with a pool organized by Mr. Dunning, or with one organized by the co-operative elevator companies? The advantage in having Mr. Sapiro is that he is an outsider; he is not tied up with any of our past history; he is disinterested, and it is only such a man who can bring the different factions together to form a successful pool."

Referring to the statements made in Mr. Dunning's interview, Mr. Brouillette said: "If word has got abroad that the Farmers' Union has by word or pen stated that any provincial government has, or is going to, invite Mr. Sapiro to come to Canada, I must say—as I am in a position to know—that it has either been purposely mis-stated by powers opposed to the welfare of the farmers, or a mistaken construction given to the words going out from this Union.

"The only support asked by Mr. Sapiro from the provincial government is their moral support, and this Premier Dunning gave, as did Premier Bracken. Premier Dunning agrees to this in his interview.

"All support required by Mr. Sapiro has been obtained, directly or indirectly, with the exception of John A. Maharg, and even regardless of what Mr. Maharg's attitude may be, judging by resolutions and private conversation coming from the Saskatchewan Grain Growers' dirt farmers, it can safely be said that the rank and file of that Association are asking for this same voluntary contract pool, and are asking for Sapiro. Such a resolution appeared in yesterday's *Star* from the Wynyard Grain Growers.

"In a message received from Mr. Sapiro this morning, I take it that he feels that there has been enough response given to this matter, that he could undertake the real work, and that a campaign of four to six weeks would bring the best co-operative system to Canadian wheat growers. He adds that existing organ-

\* That Mr. Brouillette's estimate of the influence that Sapiro would have on the farmers of the province was not overdrawn was later borne out by Geo. W. Robertson, the Secretary of the Wheat Pool, in a letter to the author dated Jan. 10, 1930, in which he says: "I do not wish to be understood as detracting in any way from the great service which Mr. Sapiro was able to render to the farmers of this province in the fall of 1923. I doubt very much if any other man was capable of generating the enthusiasm for the movement which Mr. Sapiro did."

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izations like the U.G.G. and others having warehouses and elevators would still be used as receiving points.

"We are going to have a voluntary contract pool if the vote of the dirt farmers counts. Not just the Farmers' Union, but all farmers, at least eighty per cent of them. The farmers included in the S.G.G. organization are just as anxious for a Sapiro-built voluntary pool as are the members of the Farmers' Union."

## CHAPTER EIGHT

### IRONING OUT THE DIFFICULTIES

As will have been gathered from what has gone before, the Farmers' Union had already got into touch with Mr. Sapiro following their annual convention on July 2nd. Unfortunately, however, copies of the first few telegrams from the Union to Sapiro are missing, but the substance of their contents can be gathered with tolerable accuracy from the replies that were received from Mr. Sapiro. On July 6th the latter wired as follows:

"Can arrange leave Vancouver about July twenty-third, and work out entire plan for co-operative marketing Canadian wheat on pooling basis under farmer control. Believe this can be done in time for this season's crop if farmers really want movement. Wire me statement of groups joining in invitation, and your judgment of present sentiment of farmers. Count on me for complete co-operation."

Following this wire, the Farmers' Union apparently suggested that Mr. Sapiro should communicate with H. W. Wood and Premier Bracken, for we find Sapiro forwarding this message under date of July 10th:

"We cannot properly send wires to Wood or Premier Bracken, because we are not soliciting invitation to Canada. I thoroughly believe in Wood, and also Premier Bracken, also Crerar in Winnipeg,\* but I cannot put myself in the position of urging my own wares. Deeply appreciate your courtesy."

Throughout this preliminary correspondence, Mr. Sapiro insisted in the strongest possible manner on unity of action, which in a telegram dated July 12th, he suggested, was a "matter of important policy," and he specially stressed the name of T. A. Crerar as one whose adhesion to the movement should be secured. He followed this up the same day with a long telegraphic message in the following terms:

"Each farmer signing contract should pay entrance fee of five dollars either in cash or note. Campaign should cost between one and two dollars per person. Pool should pay its own way from start, but if all funds are not available for starting believe I

*\*Sapiro's confidence in Crerar probably dates from the time when the latter suggested Sapiro be invited to the western provinces. See page 59.*

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can secure initial loan of ten thousand dollars from prominent American interested in co-operative marketing even in Canada. Essential thing is that Canadian farmers shall not go through another season of blind selling for a four hundred million bushel crop starting on less than dollar basis. If the prairie provinces want to face real depression and poverty one more season of disorganization will do it. This is the time for farm leaders and Premiers to act."

As previously stated, the officials of the Union had already been assured of the moral support of the three prairie governments, and the farmers' organizations of Manitoba and Alberta. They had also succeeded in rallying the Saskatoon Board of Trade, and business and professional men generally in support of the project. The support of the Board of Trade, however, was conditional on the movement having "the approval of more than one provincial farmers' organization in the Province of Saskatchewan." The City Council of Saskatoon, on the other hand, expressed its unconditional approval of the proposed visit of Sapiro, and passed a resolution "favouring and endorsing the efforts of any group, unit or organization which has for its object the successful marketing of this year's crop." A circular letter was also sent out to all Farmers' Union lodges urging that they should form local Wheat Pool Committees to assist in the organization work, a request with which a large number of lodges complied.

It was a period of intense activity, which necessitated the augmentation of the staff of the Union, for which purpose members of the Trades and Labour Council of Saskatoon and others offered their assistance, and rendered signal service in dealing with the mass of correspondence which now began to flow in to the Central Office.

The support required by Sapiro as an essential condition of his acceptance of the invitation having been secured as far as possible, the officials of the Union next turned their attention to the matter of finance. A wire was sent "collect" to all municipal secretaries in all parts of the province, asking for financial support to the amount of \$25 per Council. There was a large response to this appeal, although a number of secretaries declared that their councils were forbidden by the Municipalities Act to make such contributions. In addition to this, application was made to the Bank of Montreal for a loan of \$1,500, which was granted on a joint note signed by the individual members of the Board of Directors of the Union, and a number of other members of the organization.

As soon as a definite acceptance of the invitation had been received from Mr. Sapiro, arrangements were made for his itinerary. Taking advantage of his coming visit to Saskatchewan, the editor of the *Edmonton Journal*, Mr. John H. Imrie, got in

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touch with Mr. Sapiro, with the object of securing his services for a series of addresses in Alberta. This was on July 19th, 1923. The following day the matter was taken up by J. H. Woods, editor of the *Calgary Herald*, and these two papers guaranteed the expenses for the Alberta portion of the itinerary. It should be said, however, that C. W. Peterson, editor of the *Farm and Ranch Review*, had endeavoured several months previously, in fact in February, 1923, to secure the services of Mr. Sapiro, with a view, as he expressed it in a letter to the author, to "force the hands of the leaders in the agricultural movement in all the three Western provinces."

As Mr. Sapiro was to visit the West under the auspices of the Farmers' Union, it was necessary that the meetings in Alberta should be made to fit in with those to be held in Saskatchewan. The editors of the *Edmonton Journal* and *Calgary Herald*, therefore, got in touch with the Farmers' Union of Canada, and it was arranged that Sapiro should speak first in Alberta, coming on to Saskatoon for a conference with the Farmers' Union leaders, to which the Executive of the S.G.C.A., representatives of the Government, and leading public, business and professional men were to be invited, on August 6th, followed by a public meeting on the 7th.

It is difficult, in the absence of some of the earlier telegrams sent out by the Farmers' Union, even with the mass of communications which remains, to understand just what the original proposals were; but, be they what they may, the changes in the original arrangements proposed to be made by the Farmers' Union succeeded in arousing a veritable storm of protest from Sapiro, the Swift Current Board of Trade—at which point a meeting had been tentatively arranged—and the three Alberta papers which were responsible for the Alberta itinerary. So strong was the opposition to the proposed changes that the Union was forced to capitulate. The manner of doing this left Swift Current in the lurch, the meeting at that point being abandoned. As will be seen later, however, the abandonment proved to be only temporary.

Judging from a wire received from P. P. Woodbridge, who had charge of the campaign in Alberta, the original intention of the leaders of the Union appears to have been that the first meetings in Saskatchewan should take place at Saskatoon on August 6th and 7th and that Sapiro should return to Alberta immediately afterwards to complete his itinerary in that province. Shortly afterwards, however, it was arranged on the urgent request of Mr. Haslam to hold a meeting in Regina on Saturday, August 4th, which was the closing day of the Regina Exhibition, when he said a great crowd of people from the surrounding districts would be in the city, especially if a visit from Sapiro could be arranged at that time.

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Reporting on the arrangements for the Regina meeting, Mr. Haslam wrote Mr. Brouillette on July 29th: "Regarding the Regina meeting. When I got your message I got busy with the Board of Trade and the Mayor. They turned the proposition down after consulting McPhail. I then consulted my friends on the Exhibition Board, and finally got their consent, after much negotiating to get the Stadium, which is the largest in Western Canada, for Saturday night. The news is broadcasted all over the south, and we will have farmers driving in for a hundred miles. We will at least have ten thousand people, so they say, and it will be the greatest boost that Sapiro and the pool can have.

"When all is said and done," he continued, "Regina and Moose Jaw are the nerve centres of the grain production of the Canadian West. The G.G.'s are doing all they can to make the meetings at Regina and Moose Jaw a failure. I have not been able to get any publicity for the Moose Jaw meeting, or a place to hold it in. I have no money to hire a suitable place, and feel that if we cannot get Sapiro for Regina on the 4th that the visit here will be a frost, and the success of his trip doubtful. I have a hunch that if we could pull a great enthusiastic meeting the government will fall into line. They would simply have to. Move heaven and earth to get Sapiro to Regina, as I will have to quit otherwise. Several of the organizers whom I have put in the field have quit after going into the business with great enthusiasm, because I could not pay them."

However, "The best laid schemes o' mice and men gang aft aglay," and so it happened in this case, as will be seen at a later stage.

### J. H. HASLAM AND THE DREYFUS SCHEME

At the close of the Farmers' Union convention, in July, 1923, there came into prominence one who was destined to become somewhat of a "stormy petrel" of the movement—the late J. H. Haslam, of Regina, who has already been mentioned. Mr. Haslam had allied himself with the Farmers' Union some time previously, and had been appointed Vice-President and Economic Adviser to the Union. Following the convention he issued a statement to the press in which he emphasized the necessity for a voluntary pool, and declared that it had become obvious within the past month that unless a pool was established wheat prices would shortly drop to low levels.

The significant part of his statement, however, was his reference to correspondence he had had with "one of the foremost grain merchandising organizations in the world," whom he quoted as follows: "If you ask me a question as outlined in your letter of June 13th, 'Could we maintain prices around at least their present values?' I am unfortunately unable to answer. This

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is entirely a question of supply and demand. . . . Without wishing to underline the importance of our organization, which would assure you anyway to be kept in closest touch with all the selling markets of the world, there is, of course, as you say, great responsibility by the governments who decide on forming such a pool, and this responsibility would rest principally with the managers of the pool, who would have to choose the right moment for marketing their supplies, so that the average price received for the grain will satisfy the farmers. The law of supply and demand is one that no living soul can interfere with, and nothing is further from the principles on which our firm is built than to tinker with this fundamental and established fact. Therefore, market manipulations could never enter into our end of the business; but you would be absolutely sure that you would have the most active, the most intelligent, and the most reliable selling organization at your disposal." The drift of the latter part of this quotation is plain to be seen, and it is especially significant in the light of what took place about a month later.

Further light on the wheat marketing proposals of Haslam is afforded by the minutes of a meeting of the Executive of the Farmers' Union of Canada, which was held on June 6th, 1923. It appears from these minutes that the proposal of Mr. Haslam was that there should be a single agency for the marketing of the crop, and suggested the French firm of Dreyfus, which, he stated, controlled the marketing of Argentine, Russian and forty per cent of the Canadian wheat. He stated that the firm of Dreyfus "was a world concern and the handling of wheat by this firm would not mean the control of this commodity by France." His view was that the wheat board should consist of five members, the most experienced one to be in Europe, with a chairman, and one member for each of the departments of finance, buying, and transportation, of which these members should have control, and be located in Canada. Haslam declared that the Canadian system of marketing was the worst to be found in any part of the world, and he evidently was of the opinion that the scheme he had outlined before the members of the Executive would place it on a sound footing. He declared that capital for the financing of the crop could be obtained at three per cent interest.

While this scheme, as shown by future events, did not meet with the approval of the Executive, they were evidently impressed by Haslam's ability, as "the secretary was instructed to communicate with Premier Dunning in Regina, stating that the Farmers' Union of Canada recommend Bro. Haslam as head of the wheat board." As stated elsewhere, however, their selection apparently did not meet with Premier Dunning's approval.

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A letter written by N. H. Schwarz, the secretary of the Farmers' Union, to L. C. Brouillette under date of June 15th makes special reference to this matter. Mr. Schwarz says: "According to the letter by Haslam, (with regard) to the experience he had on the Grain Commission, I think he will be all right for the above position." (that is as head of the proposed wheat board) "but there are a couple of points that I believe we must guard against. Haslam would contract with Dreyfus, the big French dealer, to handle the whole crop. While this may be all right if Dreyfus acts simply as a dealer impartial to all, yet there is a possibility that he may, or the French Government may, look on this as an advantage to use other people as indebted to them for their food supply. It must be clearly understood that we farmers intend to obtain the full control of our produce, that we want a fair reward for our labour, that we want a straight channel from the producer to the consumer regardless of nationality, and that if our principles are misused we have the full right to use our clause three." This, evidently, was a clause in the constitution intended for disciplinary purposes.

Owing to its connection with the foregoing circumstances, we must now allude to a lack of co-operation between Haslam and the President of the Farmers' Union, Mr. McNamee, during the course of the campaign in Regina, the two circumstances being closely linked together. Haslam was charged with having linked his name with that of Sapiro, and that he had been advocating the formation of a pool under the name of the Haslam-Sapiro Grain Pool, with the idea of having the French firm act as European agents of the pool. This was naturally strongly resented by other officials of the Union as was shown in the letter from the secretary, Mr. Schwarz, already quoted. This attitude is quite understandable. The Union officials were exceedingly jealous, as their attitude towards the non-contract pool advocated by the S.G.G.A. clearly demonstrated, of anything that attempted to divorce the name of Sapiro from the project, or that would in any way attempt to divide the honours with him.

It is evident that Mr. McNamee contemplated drastic action to put a stop to this propaganda, as during the negotiations with respect to the cancellation of a meeting arranged for Swift Current, Mr. Brouillette, who had been placed in charge of the Wheat Pool campaign by the Executive of the Farmers' Union, wired to Mr. McNamee at Regina as follows: "You and Haslam get together. Co-operate. Would oppose hasty decision re Haslam. Executive must be consulted unless great harm is being done. Think understanding between yourself and Haslam will overcome. Thrasher will arrive Regina today to assist you." Haslam also received instructions by wire to "Get in touch with McNamee, Clayton Hotel, Regina. Thrasher is also there. Co-operate with

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them." L. P. McNamee was at the same time placed in charge of the arrangements for the meetings in Regina and Moose Jaw. This circumstance, coupled with his Presidency of the Union, of course placed considerable power into the hands of Mr. McNamee, and, notwithstanding the warning of Mr. Brouillette, he took the extreme course of suspending Haslam from office in the Union. An enquiry was instituted at the Empire Theatre, Saskatoon, on Sunday afternoon, August 5th, 1923, at which Mr. Haslam declared that he had "never outlined any particular pool, but only the principle of a pool." Following a long and thorough discussion of the subject, the meeting upheld the action of Mr. McNamee, and Haslam was definitely removed from office.

### PLANS FOR THE COMING OF THE PROPHET

We have already alluded to difficulties that had arisen in the matter of arranging Sapiro's itinerary, owing to the fact that a change was proposed in the original intentions of the leaders of the Farmers' Union, in order to have Sapiro speak at Regina on August 4th. Taking up the narrative from this point, we find that the revised arrangement was wired to Sapiro by the Farmers' Union, who assured him that the Regina meeting was important, and asking confirmation. They also wired the *Calgary Herald* the same information, adding: "These dates are arranged. Can not change dates."

This, as the saying goes, "set the heather on fire." Right back the same day came the answers, but no confirmation. Sapiro evidently suspected the proposed change was a counter move against the Saskatchewan Grain Growers' Association—which it undoubtedly was—and he was bent on unity. He wired that he did not understand the Regina meeting on the fourth, and had already wired *Calgary Herald* to keep the date for a meeting in Alberta. He required to know the purpose of the meeting, as he did not want to "start any counter move against existing organizations, because without harmony impossible to work our programme this year. Wire fully." Emphatic wires were also received from P. P. Woodbridge and the *Edmonton Journal* absolutely declining to fall in with the new arrangement, and insisting on having Sapiro for the fourth of August.

The Regina meeting on that date having been thus summarily disposed of, it now appeared that Swift Current where a meeting had been announced for August 11th also must be included in the "slaughter of the innocents."

Too much depended on the meeting, however, for the promoters to accept such a decision as final and, accordingly, S. R. Moore, the editor of the *Swift Current Sun* and Chairman of the Agricultural Committee of the Board of Trade, put in a call to Sapiro at Calgary, and also made an urgent request to the Union



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officials that the original arrangements be allowed to stand. This was finally conceded, and the meeting was held as at first arranged.

In the meantime Sapiro had arrived in Alberta and glowing accounts of the meetings were sent to Saskatoon by Mr. Brouillette, who had gone to Alberta in order to be present at the meetings. Wiring the Central Office of the Union from Lacombe he said: "Meeting here grand success. Wire Dunning he must attend conference. Sapiro is beyond any expectations." *The Calgary Herald* also wired Saskatoon: "Three hundred farmers, including Greenfield, Brownlee and Wood at Conference. Four hundred and thirty-seven at luncheon, fifteen hundred at night meeting. Keenest enthusiasm, and south practically sure to organize pool for this year, but dependent on developments at Edmonton conferences Friday. Watch developments there. Accept situation re Swift Current."

As we are not specially concerned here with what took place in Alberta on this occasion we now turn again to the Province of Saskatchewan.

### FARMERS' ORGANIZATIONS IN CONFLICT AT REGINA

Reference has already been made to the fact that the Saskatchewan Grain Growers' Association had decided to organize a non-contract pool, with a view to the marketing of the 1923 crop. No time was lost by the board of the association in arranging for the organization campaign and, as the Annual Provincial Exhibition was approaching, it was decided to arrange to have a tent on the Exhibition grounds during Exhibition week, in order to further the interests of the pool.

The week preceding this, L. P. McNamee, President of the Farmers' Union of Canada, had had charge of a tent at the Saskatoon Exhibition on behalf of the proposed contract pool, and it was decided that he should go to Regina on a similar errand. He arrived in Regina on the Tuesday morning, accompanied by a Mr. Clay, a former newspaperman, as his assistant. He at once made application to the Exhibition Board for a concession, but was refused on the ground that there was already a wheat pool tent on the ground. However, he accepted an offer to share a tent with the Saskatchewan Moderation League, and he and his assistant quickly got to work distributing large quantities of literature, which was eagerly snapped up by the farmers who were attending the Exhibition. In the meantime Mr. McNamee got in touch with a member of the Regina Trades and Labour Council, who, after some effort, managed to secure the co-operation of the Board of Trade, and also arranged for the display of banners on the street cars running to all parts of the city, advertising the campaign on behalf of the contract pool.

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L. P. McNAMEE

*President of The Farmers' Union*

Keeping these things in mind, the situation at this distance of time can easily be understood. What McNamee and Haslam, in making the charges of obstruction against their rivals, failed to see for it should be said that Mr. McNamee was of the same opinion as Haslam on this particular point was that they themselves, and the members of the Farmers' Union in general, as well as some members of the S.C.G.A. were also doing everything possible to render the campaign of the leaders of the latter organization abortive. Each section believed thoroughly that it was on the right track, and from this point of view each was perfectly justified in doing everything in its power to achieve success. To the impartial mind, it is quite evident that the promoters of the non-contract pool, however mistaken they may have been, were perfectly sincere in their efforts to establish their proposed pool. They were farmers themselves, and notwithstanding the keen desire of at least a section of them to save the Saskatchewan Co-operative Elevator Company, events had forced them to the conclusion, as they had forced the members of the rival section to the conclusion, that a drastic change in the method of marketing the wheat crops of Western Canada had become absolutely essential. Whether their idea of a non-contract pool for that particular year, followed by a campaign for a contract pool for the next year's crop was a sound one is, of course, another matter entirely. They believed they were right, just as the rival section believed they were in the right, and so long as they held those beliefs, it is difficult to see how either could conscientiously have adopted a different course. It may be that the Grain Growers' section were wrong in their idea; Sapiro said emphatically that they were wrong; but, on the other hand, we must in justice remember that their belief that a contract pool could not be organized in time to market the crop of 1923 was actually borne out by the failure of the whirlwind campaign for a contract pool which was subsequently organized, to achieve its object until the following year. It may be argued by some that the failure was due to certain limitations which were imposed as to the duration of the campaign; but, be that as it may, those limitations were imposed by the committee which had charge of the campaign, on which both sections were represented, and both sections must therefore bear their share of the responsibility. The fact remains that for that particular year the campaign failed to achieve its object and, to that extent at least, justified the belief of the Grain Growers' section of the movement. As a matter of fact, the judgment of both sections was seriously warped by prejudice, suspicion and ill-feeling, so that justice could not be done by either to the other. In this matter neither side was blameless. In the light of subsequent events, however, we can surely afford now to give each the credit which is its due.

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So far as the boards of trade of Moose Jaw and Regina were concerned, personal investigations by the author failed to establish any real antagonism on the part of the board and business men of either city. The only thing, apparently, to which objection was taken, was that they should have been asked to support two rival projects at the same time, a thing which, clearly, they could not be expected to do. For this situation the farmers' organizations themselves were responsible. No sooner had they come to a definite understanding among themselves, and united for one common cause, than all opposition ceased, and every section of the community throughout the province, with the exception of a powerful section of the daily press and, of course, the grain trade, which could not be expected to become enthusiastic over its own proposed extinction, gave all possible support to the campaign.\*

\* *The Regina Board of Trade Executive did not at any time officially discuss either proposal for a contract or non contract pool.*—George A. Ewart, Commissioner, Regina Board of Trade, April 7, 1930.

*"I have no knowledge of any efforts being made to oppose or interfere with the meetings held in Moose Jaw or Regina."*—James Pascoe, Mayor of Moose Jaw, March 10, 1930.

*A similar reply was received by the author from R. Farquharson, Secretary, Moose Jaw Board of Trade, Feb. 20, 1930.*

## CHAPTER NINE

## SAPIRO OPENS FIRE AT SASKATOON

The opening guns of the campaign were to be fired in Saskatoon, and a conference was arranged to be held on Monday, August 6th, the day previous to the public meeting. Invitations were sent out broadcast to all classes of public, business and professional men, to the Saskatchewan Grain Growers' Association, the United Farmers of Alberta and Manitoba, the premiers of the three provinces, to the bank officials in Saskatoon, Regina, Moose Jaw, Calgary and Winnipeg, to the managers of the farm machinery companies, to the press and many others. A large number of these accepted the invitation and were present either in person or by representation. The Hon. C. M. Hamilton and Hon. S. J. Latta attended on behalf of the Saskatchewan Government, while the S.G.G.A. was represented by Messrs. Maharg, Edwards and McPhail.

When the conference convened, the Hon. C. M. Hamilton, Minister of Agriculture, was chosen as chairman, and in opening the proceedings he drew attention to the need for an organization to market the wheat crop of the province, in view of the failure of the attempt to have the wheat board re-organized, and mentioned the fact that he had joined the board of the proposed voluntary non-contract pool of the Saskatchewan Grain Growers' Association, declaring that he was willing to lend his support to any organization which had that object in view. He emphasized the need for unity, and declared that success demanded that there should be only one pool in the province. He stated that he had the assurance of the Premier that the Government would give its support in every legitimate way to a wheat marketing agency organized on a sound basis.

In the course of his address, which was listened to with the keenest attention and interest, Mr. Sapiro made a strong plea for unity among the people of the province. "The leaders," he said, "were not created by God to exploit you. They were created, if for anything, either to bring you the light or get out of your way to let you see the light! I am against a Farmers' Union movement to pool wheat! I am against a Grain Growers' movement to pool wheat! I am against a government movement to pool wheat! I ask only for a wheat pooling movement by the farmers of Saskatchewan. Is that clear? I am against any group of men who get the attitude that they are going to oppose pooling unless it is pooling through their machine. I think that group of men ought to get a change of heart. This is a problem where the Saskatchewan business man, the Saskatchewan banker, the Saskatchewan press, the Saskatchewan minister, the Saskatchewan

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lawyer, the Saskatchewan doctor and the Saskatchewan farm organizations ought to be walking alongside to solve the problem. You have enough brains in Saskatchewan to solve any question under the sun, you have enough money, enough weight, enough farmers, enough organization here—what you need is UNITY! You cannot get unity by having one group swallow up another group; you must rise above your groups! Your chief need today is co-operative marketing; but, even behind that your real need is such a spirit of harmony, such a spirit of bigness, that you will all start in to work together to solve the problem that cannot be solved unless you do work together. I ask you to approach it in that spirit."

It was a powerful appeal for unity, and undoubtedly clinched the decision which had already been made in private by the two organizations; and at its close addresses were given by Messrs. Brouillette and Edwards, each of whom emphasized that the body with which he was connected was willing to put all differences aside, and work whole-heartedly with all other classes for a contract wheat pool for the province, for the year 1923.

This, of course, meant the definite abandonment of the voluntary non-contract pool proposed by the S.G.G.A. and in accordance with their decision, they took part in a joint meeting with the Executive of the Farmers' Union, which took place at the Royal Hotel, Saskatoon, on the morning of August 7th. Resolutions were adopted favouring the organization of a contract pool on the plan submitted by Mr. Sapiro, and also declaring that they agreed whole-heartedly to join an organization committee on a basis of equal representation, this committee to consist of five members representing each of the two bodies, with five representing the unorganized farmers of the province.

It was an enormous and intensely interested crowd that faced Sapiro on his first public appearance in Saskatchewan, in the Third Avenue Church, Saskatoon. The date was Tuesday, August 7th, 1923. Everyone was tense with expectation, and filled with wonder as to what kind of a man he was of whom they had heard and from whom they expected so much. Would he measure up to his reputation? Would he succeed in completing the unity of the divided forces? Would he be able to instil the confidence that was necessary for success? For, after all, that was the chief task that lay before him. He had undoubtedly a great and valuable contribution to make out of his unique experience in the organization of co-operative marketing associations. The real foundational principles, however—the legally enforceable five-year contract, covering the entire wheat production of the contractor, the pooling of the wheat, the payment of the pool price, the securing of a 60 per cent acreage as a minimum, the provision of elevator facilities—all these things had previously

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been incorporated in the draft contract issued by the Canadian Council of Agriculture in October 1920. The one fundamental principle which appears to have been lacking, and it was indeed an important one, was that of democratic control, without which, it may be taken for granted, the farmers of the West would have nothing to do with the pool. With this exception the entire pooling scheme was there. Sapiro's great task, therefore, as we have already said, was to convince the farmers of the province that the principles were sound, and to give them the confidence that the goal could be achieved on a thoroughly democratic basis.

As befitted the occasion, and the temper of the people who had gathered there, all frills were cut out. With the rising of Premier Dunning who, owing to the importance of the occasion, had been induced to take the chair, the meeting at once got down to business. Mr. Dunning had not much to say, as measured by the mere multiplicity of words; but what he did say was important. His plea was for unity of action. "There must not be two organizations fighting each other in this province," he declared. "If anything is evolved, it must be evolved by reason of a whole-hearted desire on the part of the great bulk of farmers of the Province of Saskatchewan that it should be evolved. It cannot be imposed upon them by the government. It will spring from the desire of the people for it, and their unity in attaining the object sought. We are all hoping that out of these conferences that are being held, a plan behind which every farmer of the province can stand will be evolved." Premier Dunning concluded by assuring them that any sound scheme that might be evolved would have the moral support of the Government.

As the Premier sat down the full glare of the limelight was at once focussed upon Sapiro, the small, lithe, dark, electric Jewish orator, who was received with the greatest enthusiasm.

It is simply impossible to give more than a mere outline of his remarkable address, but it is essential that the main principles should be recorded.

"First, understand where you are going," he said, "and when you get that clear, then build the right kind of machine to take you to that place; and then, when you have the machine built, make sure you get the right kind of a driver for that machine!"

"The central problem of co-operative marketing, the central problem of the farm is to try to stop dumping by the farmers. Every farmer in the world who sells as an individual is dumping his product, and breaking his own price by the dumping process. The fundamental thing is to stop the dumping of farm products, stop individual selling, stop local selling, and organize the commodity on such a plan that you can sell a great portion of that commodity from one office on a straight merchandising plan. By merchandising, we mean control of the flow of any given com-

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modity, so that it goes to the markets of the world, wherever they are, in such times, and in such quantities that they will be absorbed at a price that is fair under current conditions. Stop dumping and substitute merchandising."

"Do not let anybody talk politics in a co-operative marketing organization."

"Above all, do not let anybody handle a single bushel of wheat for a non-member."

"You must be democratic in control—one man, one vote throughout."

"Divide the territory into districts. The growers elect the delegates, eight or ten to a district, and these elect a district director, who must live in and be a grower in the district. Elect them all annually, so that if they are unsatisfactory you can kick them out annually. Do not let some men perpetuate themselves by the clever three-year rule."

"The contract must be a long-term contract. It gives you a chance to get the machine going in a decent commercial manner. You must build elevators, etc., and you cannot do it on a one-year contract. If you want big men to work for you, you have got to give them a permanent basis to work on."

"Your product must be graded and sold by grades, all the price going back to the producer, except the cost of doing business, plus, perhaps, one per cent for a reserve, each grower getting the same price as every other grower for the same quantity, quality and grade."

"The contract must provide for the borrowing of money on the grain to finance the initial payment, and it must be enforceable by law."

"This is the whole technique of co-operative marketing—organized by the commodity, non-profit and non-speculative association, with democratic control, districts for directors, with long-term contracts, enforceable written contracts that provide for pooling by grades, that provide a method for securing plants, that provide a method for financing yourselves, and that are enforceable by law if you ever have to go into court with the contract. There is the whole technique."

Concluding his address, Mr. Sapiro said: "Well, now, men, if you don't want to think of yourselves, think of your youngsters! Think of the change! This system they have got to live under, the conditions you and I helped to make for them, are not the thing under which you are going to raise fine Canadian citizens. You know they are the conditions under which you are going to raise discontented, helpless, embittered Canadian citizens. How are you going to change it? Get wise! Organize! Organize rightly, and if you do it now, you will not only be doing the greatest thing you have ever done for yourselves, for your own



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bank books, but you will be contributing the finest thing you have ever done towards the standard of living in your homes, towards the citizenship of your whole province, and to the real prosperity and well-being of the whole Dominion of Canada. I tell you, people of Saskatchewan, that it can be done. If you only will to do it, no power can stop you, and if you are the people of fine and independent spirit that I have come to believe Canadians are, you are not going to leave this place until you have dedicated yourselves to undertake, now, this programme of intelligent self-help, of independent co-operation, of wise handling of your business, of building up a standard of living in your homes by wise economic care, and by a co-operative widening spirit towards all who live about you. If you of Saskatchewan want it, go in and do it now."

When the question was put to the meeting at the close of the address, the proposed wheat pool received unanimous and enthusiastic endorsement. Not a hand was raised against it. Farmers and business men were tested separately by Mr. Dunning and with the same result. "How about the Government?" someone asked. "Well, I am not going to be a douche of cold water," said the Premier. "So far as the Government is concerned, we will stand behind you. But it does not mean that the Government is going to spoon-feed you. Didn't you get the whole spirit of that address? Stand together, and do something for yourselves! That is what it means. The Government is behind you."

Rising to their feet, the National Anthem by the audience brought to a close one of the most remarkable meetings ever held in the Province of Saskatchewan.

Following the meeting at Saskatoon, Mr. Sapiro visited Regina, on August 9th, where his message was awaited with the liveliest interest. Whatever opposition there may have been here previous to his arrival, it certainly was not evident in the meeting. Again the chair was taken by the Premier, the Hon. Chas. A. Dunning, and again Sapiro faced an audience which filled every nook and corner of the Metropolitan Church, where the meeting was held. Every member of the audience was tense with interest and excitement, and, as at Saskatoon, the speaker convinced them of the practicability of his plan, and of the possibility of putting it into effect for at least a portion of that year's crop. From Regina he went on to Moose Jaw, where he addressed another great meeting on the 10th, in St. Andrew's Church, and concluded his tour of the province at Swift Current on August 11th. At each of these points he met with the most cordial and enthusiastic welcome from farmers who had come from far and wide to hear his message.

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### ORGANIZING THE CAMPAIGN FOR A SASKATCHEWAN POOL

Immediately after the Regina meeting a Select Committee was constituted to organize the campaign. On this committee the Farmers' Union was represented by Messrs. Thrasher, Brouillette, Laird, Fisher and the Hon. R. S. Dundas; the Saskatchewan Grain Growers' Association by Messrs. Maharg, Edwards, Robertson, Stolliker and McPhail; and the unorganized farmers by Messrs. Alf. Reusch of Yorkton, R. J. Moffat of Bradwell, George Spence of Notukeu, A. E. Wilson of Indian Head, and N. B. Williams of Abernethy, with Tom Moffat, Viceroy, and R. A. Wright, Drinkwater, as alternates. Invitations were also given to the Superintendent of the Bank of Montreal, G. G. Wray, Regina, of the Retail Merchants' Association, R. Patton, of the *Saskatoon Star*, F. W. Riddell, General Manager of the Saskatchewan Co-operative Elevator Co. Ltd., and W. L. Noyes, of Saskatoon, to join the committee, the last named as a representative of the line elevator companies.

The Hon. Chas. M. Hamilton, who represented the Government, was appointed Chairman, and A. J. McPhail as Secretary of the Committee. Later in the meeting, however, Mr. Hamilton resigned the position in favour of Mr. Brouillette. The first meeting of this committee took place on Friday, August 10th, 1923, the morning following Mr. Sapiro's meeting, in the Central Office of the Saskatchewan Grain Growers' Association, Mr. Sapiro himself being present as adviser.

The plan adopted was that of a Provisional Wheat Pool Committee, which was subdivided into Campaign, Elevator, Finance, Legal, Personnel and Operations Committees, among which the various members of the Provisional Committee were distributed.

The work of the Campaign Committee was to create a province-wide organization which, especially in the time available, was in itself a stupendous undertaking. For the purpose of organization the province was divided into districts, which were co-terminous with the provincial constituencies, and a constituency chairman was appointed to each, to have full responsibility for his own territory. Committees were selected in each municipality by the Constituency Chairman, and these committees were in turn responsible for the appointment of canvassers in each township.

Each canvasser appointed was expected personally to visit every farmer in his territory, with a view to securing his signature to a contract, and was expected to report daily, if necessary, to the Municipal Chairman. The latter was required to report to the Constituency Chairman, and he again was required to report each evening, either by phone or wire, to the Supervisor of his district.

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who passed the information on to headquarters. So that, throughout the entire campaign, full information as to the progress of the work in any part of the province was available at any moment. It was, indeed, a triumph of organization.

In order that the Constituency Chairmen might be thoroughly familiar with the duties required of them, meetings were held at the headquarters of each division, viz., Regina, Saskatoon and Yorkton, on Saturday afternoon, August 18th, when full instructions were given them with regard to the work of organization. The banks, Boards of Trade, the Retail Merchants' Association, the Saskatchewan Association of Rural Municipalities and other bodies, worked enthusiastically for the success of the campaign. The pastors of the various churches were also urged to bring the matter to the attention of their congregations on Sunday, August 26th, to which there was a large response.

A most valuable contribution to the work of organization was made by the Moose Jaw Kiwanis Club, which operated a radio station at that time. This was placed at the service of the Campaign Committee for the broadcasting of news of the campaign, and making known the aims and objects of the proposed pool. The committee gladly availed themselves of this offer, and for some time speakers were provided for each evening. The Provincial Government, through the Co-operation and Markets Branch of the Department of Agriculture, rendered valuable assistance by the drafting of effective posters and in other ways. Even *The Regina Morning Leader* which, as related elsewhere, had shown marked hostility to the pool, voluntarily offered to open its pages, and those of its associated papers in Regina and Saskatoon, to the Pool Committee for publicity purposes until the Sign-Up Day, which had been fixed for August 29th, with a Clean-Up Week ending Sept. 4th. In fact, practically every section of the community, recognising its supreme importance to the people as a whole, worked whole-heartedly for the success of the campaign.

The effect of all this effort was that, although it was the busiest season of the year, the farmers were so carried away with enthusiasm for the new method of marketing that they turned out in hundreds in all parts of the province, an overwhelming proportion of those who attended the meetings being reported as favourable to the project.

Mention should be made here of the efforts of two outstanding men, in the persons of Hon. Manning Doherty, Minister of Agriculture of Ontario, and Hon. Chas. A. Dunning. The former who, as related elsewhere, was an ardent advocate of the pool method of marketing and who had been one means of bringing Sapiro to the notice of the farmers of the province, delivered a valuable series of addresses on the invitation of the committee, and helped greatly in securing the success of the campaign.

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Premier Dunning also took the platform in its favour, in the course of which he made use of a term which apparently was much misunderstood in the country, viz.: "For God's sake, read the contract." In the heated atmosphere which prevailed on this question this was, in many quarters, interpreted as an indication that he was opposed to the pool. That this idea was inconsistent with his attitude towards the pool was shown by a statement by him which appeared in *The Progressive*, the name under which *The Western Producer* was first issued, on Sept. 13th, 1923. In this statement he said: "I am convinced that the majority of Saskatchewan farmers desire to try out a wheat pool system. My hope is, therefore, that the present effort to get started will succeed. In addressing meetings to explain the proposed pool, I have not presumed to urge or advise the individual farmer to sign the contract. That is a matter that only the individual farmer can decide for himself, having regard to his own business situation; but I do say that, in all fairness to himself and to the men who are attempting the direction of the enterprise, he should appreciate fully all that the contract means before signing it. . . . I hope that every farmer who believes in the pooling system under this kind of contract will sign up, as this is the only way by which a trial of the system can be made."

Credit should, in all fairness, be given Premier Dunning for his attitude towards the pool at this time, as it is inconceivable that, if he had been opposed to the pool, he would have gone out speaking in public in its favour. Such an attitude would have been hypocritical in the extreme.

In order that every farmer in the province might have an opportunity to sign a contract, it was decided that 150,000 copies, in duplicate, should be obtained. To get these out in the time allowed was a tremendous undertaking. The contract was a document of approximately 3,600 words, and this, combined with the fact that so large a number of copies was required at extremely short notice, made it physically impossible for any one firm to handle the job. The work was therefore split up between three or four of the largest and best equipped firms in Regina.

In addition to this, a large order was also placed for the printing of a pamphlet under the heading: "Your Questions Answered," copies of which were sent to banks, retail stores, municipal secretaries, secretaries of Grain Growers' Association locals and Farmers' Union lodges, and all school teachers in the province, so that no one could complain that they had been left in the dark as to the object of the campaign.

A campaign of this magnitude, of course, could not be launched without an adequate supply of funds. What funds the Farmers' Union had were exhausted with the expenses in connection with the visit of Sapiro. The Saskatchewan Grain Grow-

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ers' Association was therefore the only body to which the Wheat Pool Committee could look for assistance. In the initial stages of the campaign Messrs. Maharg and McPhail, the President and Secretary, respectively, of the Association, obtained a loan from the bank of the sum of \$10,000 which they placed at the disposal of the Wheat Pool Committee. A few days later, on August 17th, they applied to the Board of the Saskatchewan Co-operative Elevator Company on behalf of the Wheat Pool Committee for an advance of \$15,000. The application was readily granted, and the money paid over to the Association, which then transferred it to the committee of the Pool. Out of this sum the first \$10,000 was repaid to the Association by the Pool.

Each farmer on signing up was required to pay the sum of \$3, \$2 of this being used to cover organization expenses, and \$1 for stock. This latter payment was required under the Joint Stock Act, under which the Pool was to be registered. In case the farmer was unable to pay cash, a note was accepted, the amount to be collected out of the proceeds of the contract-signer's wheat. While, however, this was intended as a convenience to the farmer, it was taken advantage of to such an extent that long before the work of organization was completed, the Pool committee was once more compelled to appeal for further financial assistance as the Board was at that time holding notes to the amount of \$70,000.

The Memorandum of Association approved by the Wheat Pool Committee provided for a capitalization of \$100,000, divided into shares of \$1 each, and also provided that the registered office of the association should be in the City of Regina. It gave power to manufacture, buy and sell flour and other food products manufactured from cereals, to acquire or build elevators, warehouses, etc., and to hire or charter steamships or other vessels for transportation purposes. It also provided for the government and control of the affairs of the company through elected delegates, for the post card system of election of delegates, for the election and recall of directors, and for the taking of a referendum of shareholders whenever required.

When the first meeting of the Elevator Committee took place, the matter of elevator accommodation was discussed, and after careful consideration it was unanimously agreed, so far as the 1923 crop was concerned, that it would be impossible to make arrangements with the elevator companies along the lines recommended by Mr. Sapiro, viz., that elevators handling pool wheat should not be allowed to deal in wheat, but should be confined to storage business only. The secretary of the Committee, Mr. Robertson, was therefore instructed to communicate with the North West Grain Dealers' Association and the two farmers' companies, with a view to finding out what arrangements they were prepared

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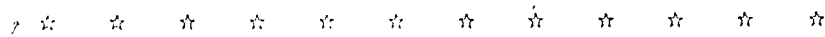
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to enter into for the handling of the crop of 1923. During the conference which was held with the board of the Co-operative Elevator Company, the latter indicated that they would be prepared to handle pool wheat on terms which would be fair to both sides. Much information on technical points was also given to the Pool Committee by the board and Mr. Riddell, the General Manager of the company, relating to the storage and handling of wheat, the payment of cash advances, and other matters.

No amount of enthusiasm could have guaranteed the success of the campaign in the absence of capable management. The selection of the personnel to carry on the campaign was, therefore, a matter of supreme importance. The choice of the committee for Campaign Manager fell upon Mr. A. J. McPhail, who quickly demonstrated his fitness for the position. As District Supervisors, R. H. Milliken and W. M. Thrasher were selected for the northern division of the province, operating from Saskatoon; Geo. F. Edwards and Geo. W. Robertson for the southern district, with headquarters in Regina; while A. R. Reusch, with an assistant of his own choosing, was to hold a similar position at Yorkton.

Previous to the commencement of the canvass a Provisional Board for the Pool was elected by the committee, the following being selected for the position: L. C. Brouillette, R. J. Moffatt, George Spence, W. M. Thrasher, Geo. W. Robertson, A. E. Wilson, J. A. Maharg, Geo. F. Edwards, A. R. Reusch, G. G. Wray, A. J. McPhail and W. L. Noyes. Later it was decided to divide the province into sixteen districts, and R. S. Dundas, J. W. Mathewson, Thos. Moffet and M. McLachlan were therefore added to the Board. This Board was to hold office for not more than three months from the date of incorporation, when the permanent Board would be elected by the members of the Pool.

From the moment that the arrangements for the campaign were commenced, the Central Office of the S.G.G.A., from which the whole of the operations were directed, became a scene of feverish activity. All organization work on behalf of the association was suspended, only absolutely necessary routine matters being attended to by the staff, while Messrs. McPhail and Edwards, the Secretary and Vice-President, respectively, of the association, gave practically their entire time to the work of organizing the province for the campaign. In this work they were ably assisted by Messrs. Robertson, Brouillette and many others, all of whom rendered excellent service. Telegrams and phone calls by the hundred were constantly passing to and fro, lining up the workers in all parts of the province, contracts, copies of handbills and other materials were sent out in thousands, and from the commencement of the sign-up, signed contracts began to accumulate in the office until they formed a pile of approximately five feet in height by several feet in length.



## A TEMPORARY SET-BACK

Notwithstanding the tremendous effort put into the campaign, not only at headquarters, but also by the hundreds of farmers who, during one of the busiest seasons of the year, were willing to leave their binders, and to act the part of "fishers of men" on behalf of the Pool, as September 12th approached, it gradually became apparent that the required acreage would not be secured at that time and a final check-up on the figures on the evening of September 11th placed the matter beyond any doubt. While the minimum acreage fixed by the contract required a sign-up of 6,100,000 acres, the acreage signed up on that date amounted to only 3,079,560 acres, covered by 22,328 contracts, which was little more than twenty-five per cent of the total wheat acreage in the province.

In view of this position, a meeting of the Wheat Pool Board was called for Sept. 14th, to consider their course of action. There was, of course, no mistaking the temper of the farmers as a whole. Great hopes and expectations had been aroused, and the failure to secure the requisite acreage had served only to increase the intensity of their desire for the Pool. There was still another matter to be considered. In spite of the fact that hundreds of men had been engaged in the canvass, there were thousands of farmers who had not yet been given an opportunity to sign a contract. It was clear, therefore, that there was only one course to pursue, namely, to continue the campaign until the minimum acreage had been secured, even though that might mean the postponement of the operation of the Pool for another year. As the statement issued by the Board declared, in words almost identical with those used by H. W. Wood a short time previously, it was infinitely "more important to start right than to start in a hurry." While it was evident, under the circumstances in which they found themselves, that it was out of the question to expect to market any of the crop of that year through the Pool, the Board was of the opinion that there would be little difficulty in securing at least 50 or 60 per cent of the acreage in ample time to organize all the details in connection with carrying on the business of the Pool for the marketing of the crop of 1924.

Before the campaign could go forward, however, it was necessary that those who had already signed a contract should also sign a waiver, waiving that clause in the contract which voided the contract owing to the requisite acreage not having been obtained by Sept. 12th. This entailed a tremendous amount of additional work on the canvassers throughout the province, as each of the twenty-odd thousand contract signers had to be visited again, and their signatures obtained to the waiver, while new contract signers were required to sign both contract and waiver. It speaks volumes

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for the enthusiasm of the farmers that they were willing to face once more the tremendous task which was involved in this new effort.

Notwithstanding all the efforts made, however, it was realised, as mentioned above, that the requisite acreage would not be secured in time to market the crop of 1923 through the Pool, and at a meeting of the Provisional Board, held on November 23rd, it was decided definitely that the Pool would not handle the crop of that year.

The question now was whether sufficient acreage could be secured to enable the Pool to be put into operation for the crop of the following year, 1924, and a circular letter was sent out by Mr. McPhail to the secretaries of all locals of the Saskatchewan Grain Growers' Association and Municipal Organizers, on Dec. 12th, urging that it would require more than their blessing and good wishes if the Pool was to begin functioning for the crop of 1924.

It would appear from a telegram that was forwarded to N. H. Schwarz, the secretary of the Farmers' Union, on Oct. 26th by Mr. Brouillette, that Sapiro was favourable to the Saskatchewan Pool beginning operations that year, irrespective of whether the percentage aimed at was secured or not, as in the case of the Alberta Pool. The telegram read: "Wire from Sapiro answering question from me reads in part 'I strongly advise that you begin operations on sales of this year's crop.' Advise Milliken and Thrasher." Among the members of the Provisional Board, however, and also among the members of the farming community in general, opinion on this point was sharply divided. While some held that such a policy was possible, the Board as a whole was of the opinion that it would be better to perfect the machinery, and endeavour to secure a greatly increased acreage, so as to be in a strong position for the crop of 1924.





## CHAPTER TEN

### "THE CONCENTRATED PRESS" SHOWS ITS TEETH

We must now give some attention to the attitude of the provincial daily press towards the Pool. We say the daily press because the weekly papers throughout the province were on the whole distinctly favourable to the Pool, not only at the time of its organization, but they have remained so throughout the years.

It will be remembered that one condition precedent to Mr. Sapiro's acceptance of the invitation to visit Western Canada was that the support of all sections of the public, including the press, must be secured. Every effort was made, it was believed successfully, to fulfil this condition. The support of the press was especially essential to the complete success of the movement. During the preliminary discussions which took place on the subject there was no indication of disagreement on the part of the newspapers of the province, and that condition prevailed even at the time of Sapiro's advent to the West. Indeed, as recorded in another chapter, the Leader Publishing Company had of their own accord invited Mr. Sapiro to visit Saskatchewan at the company's expense. Shortly after the commencement of the activities incident to the campaign, however, a change came over the scene—a change which resulted in the alignment of the four most influential representatives of the daily press in the province against the Pool. These were *The Regina Morning Leader*, *The Regina Daily Post*, *The Saskatoon Star* and *The Saskatoon Phoenix*,\* all of which had come under unified ownership and control some months previously, when the two Saskatoon papers were purchased by the Leader Publishing Company.

Why this change in the attitude of these influential papers towards the Pool should have come about was something of a mystery to the general public, and in many quarters the proprietors were strongly suspected of being financed by the grain trade. While, however, this idea was ridiculed in the editorial columns, in the opinion of the author, the motives actuating the editorial policy were not by any means as disinterested as they appeared on the surface. This, of course, is not to say there was anything dishonest about it. As a representative of the Leader Publishing Company afterwards said to the author: "It's all a matter of business."

As a matter of fact, the Leader Publishing Company was deeply interested for trade reasons in the success of the Saskatchewan Co-operative Elevator Company. The firm had a virtual, if

\*Any statements made in this connection, of course, do not refer to the present *Regina Leader-Post* or *Saskatoon Star-Phoenix*.

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not an actual monopoly of the printing, bookbinding and office supplies to the Co-operative Elevator Company which, in a business of that magnitude, must have amounted to many thousands of dollars per year. In addition, two of the six or seven shareholders of the Leader Publishing Company were principals in a leading insurance firm in the city, which also derived a very considerable revenue from the fire and liability insurance business of the elevator company.

The Leader Publishing Company could not fail to see that the establishment of a wheat pool on the lines advocated by Mr. Sapiro might, in the course of a short time, and in view of the hostility of a large number of the shareholders of the Co-operative Elevator Company towards the policy followed by the Directors of the company, lead to the extinction of the Co-op., and the possible loss of a very lucrative business. It could not have been expected of them that they would acquiesce in this loss without a struggle. The judiciousness of the line of action they took to achieve their object was, however, more questionable.

So long as the voluntary non-contract pool proposed by the Saskatchewan Grain Growers' Association was under discussion, there was no hint of disapprobation on the part of the *Morning Leader* and its associate papers, as the plan had the support of the Co-operative Elevator Board, and all wheat was to be shipped through that organization. Presumably, therefore, their interests were safe. Nor was there any hint of disagreement until a short time after the opening of the campaign for the contract Pool. When opposition did arise, the manner of its introduction was very insidious. The papers, in fact, expressed friendliness towards the Pool, but questioned the wisdom of the five-year contract, expressing the opinion that it would be "almost physically impossible to guarantee that service and efficiency which in our opinion are essential to success." They declared that the Pool should be on a yearly basis, for the first year at any rate. Sapiro, on the other hand, insisted that it would be impossible to make satisfactory elevator arrangements with a contract on a yearly basis.

The farmers of the province were in no mood for anything that savoured of opposition. Considerable feeling was aroused, and ere long the suspicion found expression, as already mentioned, in the allegation that *The Morning Leader* was being financed by the grain trade. How much ground there was for this suspicion will probably never be known. In an editorial under the heading "This Motive Business," the editor, by his attitude, virtually, though not actually, denied that there was any ground for this suspicion and, in doing so, he referred to the Pool as "this scatter-brain scheme," an expression which identified him definitely as an opponent of the Pool.



The controversy grew more and more bitter and pronounced as time went on, and eventually it was realised that some thoroughly dependable medium of publicity must be established if the successful organization of the Pool was to be secured, as the four papers under the control of the "Concentrated Press" included 80 per cent of the total daily circulation in the province. The remaining 20 per cent was covered by *The Moose Jaw Times* and *The Prince Albert Herald*, the former of which particularly, rendered excellent service to the Pool in the area which it served.

At the Annual Convention of the Saskatchewan Grain Growers' Association held early in 1923, which was in session when the purchase of the Saskatoon papers was consummated, a resolution was adopted instructing the Executive to take the necessary steps for the establishment of a paper to serve the needs of the Association for educational and propaganda purposes. By the time Sapiro visited the province, arrangements were practically completed with *The Modern Press*, Saskatoon, for the publication of a paper, financed by the S.G.G.A., under the name of *The Progressive*, to be issued weekly. When the need arose, therefore, it was only necessary to speed up the arrangements a little. This was done, and the first number of *The Progressive* was issued on August 27th, 1923, two weeks after the campaign for the Pool commenced. Once *The Progressive* began publication, the conflict became a battle royal between the two sections of the press, with public opinion heavily weighted in favour of *The Progressive*, the two sides vying with each other in the strength of their invective. *The Progressive* was later named *The Western Producer* and was eventually taken over by the Pool.

As the battle proceeded, *The Morning Leader* and its associates no longer confined themselves to criticism of the pool plan of marketing, but extended their criticism to its proponent. In the words of *The Progressive*: "Not being able to offer any decent criticism, they have adopted the only course open to an unscrupulous antagonist; they are attempting to undermine, by all means at their disposal, the integrity of Sapiro."

### THE PASSONNEAU CHARGES AGAINST SAPIRO

In furtherance of this policy, the papers in question secured and published a long letter written by Joseph Passonneau, who claimed to have been the chief organizer of the Burley Tobacco Pool, to ex-Governor Lowden, of Illinois, alleging that Sapiro had not only put improper officials in charge of the pool, but that he had himself received an immense sum of money from the pool for his services.

The papers made no mention of the good work done by the tobacco pool, but stressed certain alleged improprieties in connection with its operations, in an endeavour to fasten the

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blame upon Sapiro, although he had nothing to do with the actual working of the pool. Sapiro's answer to these charges will be dealt with when we come to record the events connected with his second appearance in Western Canada.

The aim of this section of the press was, of course, evident. Realising that they could not make any effective criticism against the principle of the pooling method, or against the proposed pool organization itself, in the words of *The Western Producer*, "They consequently chose the time-worn device of the defeated and unscrupulous advocate, and endeavoured to spatter mud on the opposite side." How little justification they had for their action was proved by Passonneau himself who, at the close of his letter to ex-Governor Lowden declared: "As you know, I believe sincerely in co-operative marketing. In my judgment it holds out more promise to the farmer than anything else which has been offered to him." Thus, if they had but known it, the whole structure of their opposition to the Pool was brought tumbling about their ears by the very man on whom they relied to encompass their aim. The mistake of allowing those few significant words to go before the public was, from their own point of view, a fatal one. Instead of turning the public against Sapiro, it succeeded only in intensifying the hate of the farmers against the "Concentrated Press," and rendering the already strong sympathy of the general public with Sapiro stronger still. So absorbed, however, were the proprietors of this section of the press in the accomplishment of their object that they did not even then correctly interpret the writing on the wall.

It had been arranged to bring Sapiro back to the province in the month of February, 1924, as will be recorded later, to complete the work begun on his first visit. Taking advantage of this opportunity, James F. Bryant, K.C.,\* at that time President of the School Trustees' Association, whose convention was to be held in the Third Avenue Church, Saskatoon, arranged to have Sapiro appear on the same evening as Dr. Magill, the secretary of the Winnipeg Grain Exchange, to give their respective views on the grain marketing question. A little later Mr. Bryant also conceived the idea of inviting Jas. R. Howard, of the American Farm Bureau Federation, who was to be in the province at the same time, to speak on that occasion.

On hearing of this arrangement, Sapiro cancelled his engagement, declaring that if the arrangement with Howard was to stand, he would not appear. This refusal was immediately seized upon by *The Morning Leader* as a sign of cowardice on Sapiro's part, the absurdity of which must have been apparent to any one of the many thousands of people who had listened to him on his

\* Later Judge Bryant of Saskatoon.

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previous visit. Whatever charges might justly have been brought against Sapiro, cowardice was certainly not one of them.

Finally, during his second visit, Mr. Sapiro announced at Yorkton that the directors of the Saskatchewan Wheat Pool had amended the articles of association by a resolution, providing that the directors would be elected for one year only, instead of two years as at first intended, and also by another resolution which prohibited pool directors from holding a similar office in any other co-operative marketing association, thus making impossible any interlocking directorates. On this announcement being made *The Morning Leader* instantly jumped to the conclusion that this had been done in secret, and entirely without legal warrant, and warned the farmers of the province of the unwisdom of surrendering their wheat for the next five years to "a little irresponsible group of men, armed with tremendous powers, and apparently imbued with the idea that they are above the law"; and although it was pointed out to the editor of *The Morning Leader* that the entire proceedings had been carried out in accordance with the requirements of the Companies Act, he did not show sufficient change of heart to acknowledge his error. Altogether, the "Concentrated Press" had utterly failed in their object and, as will be explained later, legal action put an end once and for all to their campaign.

### STIRRING EVENTS IN THE CAMPAIGN

We have now arrived at the point where we must deal with some of the most stirring events of the entire campaign for the establishment of the Pool. We have already referred at considerable length to the hostile attitude towards the Pool of the papers owned by the Leader Publishing Company, and to the methods adopted to blacken the character of Mr. Sapiro, to undermine the confidence of the farming community in him, and thus to accomplish the downfall of the Pool and the entire pooling movement in Western Canada even before the campaign was well begun.

The first meeting addressed by Sapiro on his return to the province was devoted entirely to a refutation of the charges brought against him by *The Morning Leader* and its associated papers, and few of those who were privileged to be present on that occasion will forget the scene that presented itself, or the intensely dramatic moments that occurred at intervals during his impassioned speech.

The Metropolitan Church, Regina, was filled almost to suffocation, hundreds having been unable to gain admission, long before the time fixed for the meeting. Both on his appearance on the platform, and on his rising to speak, he was received with tumultuous applause, a fact which caused him to remark when opening his address that "that is a better reception than I have

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been receiving over the long distance 'phone from Saskatchewan." That meeting, he said, had been called to give him an opportunity to defend his honour, and he had invited Mr. Burford Hooke, the Managing Editor of *The Morning Leader*, to be present, and make the statement that had appeared previously in his paper. In ringing tones he asked: "Is Mr. Hooke here?" And after a pause: "I don't think he is. When a man accuses another, he should be prepared to come forward and do it in public."

Proceeding then with his address, Sapiro dealt with the charges brought against him, one by one, answering them with a completeness of detail which left no doubt whatever in the minds of his hearers as to his sincerity and probity, and declared that "unless *The Morning Leader* publishes an apology tomorrow morning for the things it has said, I will immediately file suit against it for libel," a threat which he carried out without loss of time.

One of the charges brought against him was that he had exploited the "Dark Tobacco Pool," by charging them a fee of \$30,000 for his services. Sapiro declared that he had absolutely nothing to do with fixing the fee. The fee was fixed at \$36,000 by the organization committee of the Pool, and was afterwards reduced to \$30,000 by Judge Bingham, acting on their behalf.

Another charge was that he had advised the association to purchase warehouse buildings for \$6,000,000. While admitting that had been done, he maintained that the purchase was a good one, even at that, and that they could not be bought for anything like that at the time he was speaking. They must also remember that the buildings had to be bought on time, as the people had no money, and the title to the property was turned over to them in advance.

Referring to the Passonneau letters, he said he had got Passonneau several jobs with the Burley and Dark Tobacco Pools, and during that time he never seemed to think there was anything wrong with them. He had now got a job as Director of Markets in Colorado, and now he said that everything was wrong with them. Passonneau's method was to send out a lot of scurrilous letters attacking everybody connected with these associations. He, personally, knew that there was a written record disproving practically everything Passonneau had said.

Mr. Sapiro further denied the charge that he had moved a resolution at the Denver Conference of December 17th, 1923, to increase the tariff against Canadian wheat so as to raise the price to the producer in the United States, and explained that the reason he had declined to appear at the 'School Trustees' Convention when a third speaker was engaged, was not because he was afraid to meet James R. Howard who, he declared, was a very good friend of his,

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and a square shooter, but because with three speakers they would bore the people to death, and cloud the issue by splitting them on the different methods of marketing.

Concluding his address, Sapiro declared: "*The Leader* and *The Saskatoon Star* are trying to destroy the faith that some have in me; but they cannot destroy this great movement. . . . The co-operative is a sane movement. It has sound business principles. . . . Men and women of Canada, if you succeed in forming this pool, you will move Canada forward one generation. So, finally, if you believe in it, don't only think about it—get out and work for it."

The following evening, February 21st, the scene was shifted once more to the Third Avenue Church, Saskatoon, where Sapiro had made his first public appearance in Saskatchewan a little more than six months previously. Here another sea of faces awaited him in eager expectation. It was felt that this was to be a "battle of the giants," as Sapiro's opponent was to be no other than the Secretary of the Winnipeg Grain Exchange, Dr. Robert Magill. So great was the interest of the public that it was estimated that no less than two thousand people were turned away disappointed.

## DR. MAGILL DISAPPOINTS THE AUDIENCE

This, however, was not the only disappointment that night, as Dr. Magill, who was the first speaker, had no sooner risen to his feet than he declared that he would speak only on two points, namely, the work of a Grain Exchange and, second, the difficulties met in the marketing of our surplus wheat. This announcement fell like a wet blanket on the audience, as it immediately killed all hope of anything like a set debate on the subject of the Grain Exchange vs. Co-operative Marketing, which had been generally anticipated. Under the circumstances, perhaps the decision of Dr. Magill was a wise one from the Grain Exchange point of view.

The first part of Dr. Magill's address, therefore, was solely a description of and an apology for the Grain Exchange, which he knew quite well was anything but popular with the vast majority of his audience. Following his description of the work of the Exchange he said: "The Grain Exchange does not buy any wheat or sell it. The Grain Exchange does not own or operate any elevators anywhere in this country. The Grain Exchange does not and can not under Canadian laws fix prices. The Grain Exchange does not know anything of the private business of its members. It only comes to know the private business of a member if he gets into financial trouble, and only for that specific purpose. . . . The Winnipeg Grain Exchange is only a piece

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of machinery, whatever may be said. That is all it is; that is what it is. It is that and nothing more."

From this, we may safely deduce that Dr. Magill meant to say that, being only a piece of machinery, the Winnipeg Grain Exchange could not be held accountable for any grievances the farmers might have, as machinery has no soul, and can work only in a certain groove, which it does quite oblivious as to whose interests it may or may not serve. The inadequacy of this implied argument was exposed later in the evening by Sapiro when he said: "There is something doing in that Winnipeg Grain Exchange that has not been fully explained here this evening!" Passing on to speak of the difficulties in the way of the marketing of the wheat crop, the long haul to the seaboard, the short navigation season, restricted markets owing to the war, and the small profits of the grain trade, Dr. Magill concluded with the statement that he was not going to speak against the Pool, then or at any other time.\*

Taking up the argument, Sapiro declared that the test of the marketing system was not the group of millionaires at Winnipeg, but conditions in the homes of the producers in the country. He directly challenged a statement made by Dr. Magill that England could not buy the Canadian crop. He acknowledged that there were difficulties, but just on that account there was need for a fundamental change in the system of marketing. The Winnipeg Grain Exchange had failed, he said, and had become the most conspicuous foe of real commercial marketing in all the world. The man who was bearing the burden of the wheat industry was the man on the farm, who was still wondering how he could lift the mortgage off his farm. They had got to find a system that would pay a profit, and that would retain control of the supply by merchandising, instead of dumping the product on the market. He then passed on to speak of options, of hedging—which latter he described as "the curse of your industry"—and of market manipulation, concluding with an outline of the pooling method of marketing which, he declared, was their only hope.

### JAMES R. HOWARD CLOUDS POOLING WITH SUSPICION

The following evening, the delegates to the School Trustees' Convention had the opportunity of hearing James R. Howard, former President of the American Farm Bureau Federation, who had been heralded by the opposition press as an outstanding opponent of co-operative marketing. Unfortunately for them, however, in his opening remarks Mr. Howard referred to Sapiro as "the greatest crusader in co-operative marketing that

\*Dr. Magill was a member of the commission whose report resulted in the formation of the Saskatchewan Co-operative Elevator Company. See page 16.



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the United States ever had," and declared himself an "ardent convert of the pool method of marketing." The weakness of Mr. Howard's position, however, was not that he did not endorse the pooling system, but that he managed to cloud it with suspicion, stating at one point that he believed "eventually in the States we will consolidate our local units into a great American organization that . . . will let a man pool if he wants to, or sell on the open market if he wants," the trend of which, readers will observe, would undoubtedly be away from, and not towards co-operative marketing. Weakness and indecision were written all over Mr. Howard's address, which naturally gave rise to the suspicion that he was acting on behalf of the grain trade. This feeling was accentuated by the fact that he declined to answer a series of questions which were put to him, saying he would deal with them in the course of his address. Most of the questions, however, were avoided altogether, while in other cases his answers were evasive. In fact, he failed entirely to measure up to Mr. Sapiro's description of him as "a square shooter."

Mr. Howard charged that Mr. Sapiro had told the pioneers of co-operation in Chicago that they knew nothing about co-operation, and that American wheat pools had been oppressed with too large overheads. Replying to the first of these statements at North Battleford, Sapiro said they had had co-operative marketing on the local elevator plan until 3,000 elevators were in operation, but they had failed to make the slightest impression on the wheat market. The system was excellent for receiving and storing grain, but was no good for its actual marketing. As to the second charge, he said that he had written the contracts for a number of these pools for from 20,000,000 to 50,000,000 bushels, but the local people had written them down to, in one case, as low as 200,000 bushels, and he had resigned as their counsel in consequence.

The more Mr. Howard's claim—or, to be more correct, the claim made for him by the opponents of the pool—as a co-operative marketing expert, is looked into, the more extraordinary it seems. Writing to F. W. Ransome, the Secretary of the Manitoba Pool, after Mr. Howard's visit to Canada, Mr. Walter Peteet, a recognized authority on Commodity Co-operative Marketing, says: "I have been very much disappointed in Mr. J. R. Howard, former President of the American Farm Bureau Federation. When I learned that he had been in Canada making speeches against wheat marketing, I went to see him, and he assured me that he had not attacked the commodity plan of wheat marketing; but in conversation it developed that he repeated many of the arguments our enemies are employing. Many of these things consisted of erroneous statements and conclusions about the operations of the wheat pools in the United States.

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"When I took issue with him on some of these points, his answer was that he did not pretend to be an expert on co-operative marketing, and so told his Canadian audiences. I have told him what should be told to other men who undertake to discuss this question under similar circumstances, namely, that if they do not understand co-operative marketing they ought not to make speeches about it, and particularly against it. Mr. Howard has attained national standing in the United States as a farm leader, but he has never had any reputation or standing as a co-operative marketing specialist."

It is interesting to know that Mr. Petet's opinion as to Mr. Howard's qualifications as a co-operative marketing expert was fully borne out by correspondence which took place between Mr. Howard and Mr. Brouillette, the then secretary of the Pool, in the following month. In this correspondence Mr. Howard, while showing, and even expressing a great desire to have his visit forgotten, admitted that what he had attempted to show was that there were "successful non-pooling, as well as successful pooling co-operatives"; that he had, before coming to Saskatchewan, "discussed the matter with a well-informed farmers' friend amongst the grain merchants at Winnipeg, and that he had not kept close in touch with marketing costs."

The only impression that any unbiased person could gain from Mr. Petet's statement and Mr. Howard's own admissions is, that Mr. Howard was in reality an enemy in disguise, and that the whole object of his visit was to attempt to destroy the pool movement. Either that, or he had been made an innocent dupe of others. It is very evident that he did not know enough of the movement to make an effective plea for a system of co-operative marketing, even if he had desired to do so.

### SAPIRO APPEARS BEFORE "TURGEON COMMISSION"

An event to which a vast number of people in the province looked forward with the keenest interest was the appearance of Sapiro before the Turgeon Royal Grain Inquiry Commission. After several disappointments, due partly to family sickness, Sapiro was able to appear before the Commission on April 28th, 1924. The sitting was held in the large banqueting hall of the Fort Garry Hotel, Winnipeg, which was filled with an interested audience throughout the time that Sapiro was on the stand.

He had been invited to appear before the Commission on the suggestion of Isaac Pitblado, K.C., who was counsel for the Grain Exchange, apparently for the express purpose of trying to secure some admissions from him at variance with his real views. Being an astute lawyer himself, however, it was not to be expected that Sapiro would allow himself to fall into the trap, and all the

efforts of Mr. Pitblado in this respect proved unavailing. Mr. Sapiro, however, did withdraw a statement he had made in a speech at Winnipeg to the effect that the members of the Alberta Pool would get eight cents per bushel more than the non-pool farmer. That had been due to a misapprehension, and he gladly withdrew a statement which he had since learned was incorrect. He also qualified a previous statement that the worst blunder of the Alberta Pool was in marketing 20 per cent of the wheat through the Winnipeg Grain Exchange. He admitted that the managers of the pool best knew the circumstances and they probably acted wisely in taking up membership in the Exchange. He thought now it was a harsh way of expressing a difference of opinion. He believed, however, that membership in the Exchange was unnecessary to a strong, well-conducted pool. With these exceptions he held firmly to his ground.

He denied that he was opposed to selling for future delivery, but he objected to selling on paper. He was not an advocate of hedging, which was unnecessary for pool purposes. He objected to the "very queer trick" of trying to get him to suggest that no one should make a profit in selling wheat and, at one point, when Mr. Pitblado suggested that he was evading a question, he replied: "No: it was not an answer, but it gives me a chance to put a stop to some propaganda."

"And do you think that legitimate?" asked Pitblado.

"Yes, I do. Just as legitimate as your cross-examination of a witness who has not had a chance to put in his primary case."

And so the battle of wits went on, the cross-examination of Sapiro being the occasion of many sharp clashes and heated moments. It was regarded by many as one of the greatest triumphs of Sapiro's career.

### SAPIRO TAKES ACTION FOR LIBEL

Sapiro's threat to take action for libel against the papers included in "The Concentrated Press" was carried out shortly after the Regina address of February 20th, 1924. Sapiro claiming damages to the extent of \$50,000 each against *The Regina Morning Leader* and *The Saskatoon Star*.

The case was to have been heard in the month of February, 1925, but on January 22nd the hearing was adjourned on the application of the defendants until the sittings of the King's Bench Court in April, on the ground that Passonneau, who was a material witness for the defence, could not be present at the time set for the trial. All arrangements were then made by Sapiro's counsel to go forward with the case at the April sittings of the court when, to the surprise of everyone, a further adjournment was requested by the defendants until the month of September, 1925. This was strongly resisted by counsel for Sapiro, who were ready and anxious

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to go ahead with the case at the end of May, for the convenience of witnesses who were coming from the States. In spite of their objections, however, the adjournment was granted, and the case set over, finally coming before Mr. Justice H. Y. Macdonald on Sept. 21st, at the Court House, Regina. Messrs. R. Milliken and H. B. Caswell represented Mr. Sapiro, with Walter S. Lynch, of Sapiro's Chicago office, acting in an advisory capacity. For the defendants, H. J. Symington, K.C., of Winnipeg, and Messrs. Percy C. Hodges and E. B. Jonah, of Regina, appeared. Raymond S. Watson, of Kansas City, U.S.A., also acting in an advisory capacity.

The great interest of the public in the case was reflected in the large attendance in the body of the court during the hearing. Following the opening of the case, several witnesses were called by the plaintiff, including L. C. Brouillette, the Vice-President of the Pool. On the second day of the hearing, Mr. Symington made an application for non-suit on behalf of the defendants, which was granted by the judge on the ground that the plaintiff had failed to prove malice and that the comment of the press was fair and in the public interest. The case was therefore withdrawn from the jury without the plaintiff, Sapiro, being given an opportunity to take the stand.

The decision came like a bomb-shell to those present in court, and it would not be too much to say that nine out of every ten persons present could scarcely realise that the case to which they had looked forward for so long was actually at an end. Nor was it, as the sequel will show.

In giving his decision, the judge pointed out that Mr. Caswell, who had given evidence, had sworn that the matter of the Wheat Pool was a matter which was stirring the public of Saskatchewan to its very depths, and that the question of whether the Wheat Pool was formed or not under proper or improper auspices was one of tremendous importance to everybody in the province. Mr. Brouillette's evidence, given that morning, was to the same effect. "He," Justice Macdonald, "conceived that a newspaper would not be worth the name of a newspaper if it did not feel it its duty to communicate the facts which it honestly believed to be true to its readers on such an important question, and once the occasion was established to be a privileged one, the presumption of the law was that the defendants honestly, bona fide and without malice published them."

"Therefore," said the Judge, in addressing the jury, "in the present case, as I have determined as a matter of law that the occasion was a privileged one, the presumption arises that the defendants acted honestly and bona fide, and the plaintiff therefore cannot succeed without having given evidence of express malice.

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Such evidence has not been tendered in the plaintiff's case and, therefore, I must withdraw the case from your consideration and dismiss the action with costs."

It could scarcely have been expected that this decision would be allowed to go unchallenged and, on October 19th, Messrs. Milliken and Caswell entered notice of appeal against the decision on the following amongst other grounds, namely "That the judgment was against the law and evidence and the weight of evidence; that the articles complained of were not made on a privileged occasion, and that there was not sufficient evidence to show that the defendants had any duty in making the publications; that the publications exceeded the privilege, if any, in that they were necessarily extensive and incommensurate to the occasion; that they contained matter beyond what was reasonably appropriate and relevant to the occasion, and extended beyond matters in which the defendants had any common interest or duty and that the learned trial judge had erred in holding that there was no evidence of malice, and in not permitting the plaintiff to give evidence of malice, upon the judge's holding the occasion of the publication was a privileged one."

The appeal was heard by the Saskatchewan Court of Appeal on May 3rd, 1926, when the appeal was allowed by unanimous decision of the Court.

In giving judgment, Justice Lamont held that the evidence in the case showed that Sapiro was, in effect, only an employee of the Pool. Had the defendants therefore communicated the Passonneau charges to the committee alone, much might be said in favour of the existence of a common interest, for the committee had an interest in learning the character and conduct of their employee. The public outside of the committee had no such interest and, in his opinion publication to the public could not be justified. In concluding, Justice Lamont, with the concurrence of Chief Justice Haultain, and Justices Martin, MacKay and Turgeon said: "I would, therefore, allow the appeal with costs, set aside the judgment below, and direct a new trial, the costs of the former trial to abide the result."

As a matter of fact, however, the case never again came before the courts and on June 14th, 1926, a full apology was published in the press for the articles in question. *The Morning Leader* and *Saskatoon Star*, after quoting the dates of the articles which had been the subject of the action, and announcing that the case had been amicably settled, stated as follows:

"These articles were published in good faith, the newspapers considering it their duty in view of the conditions existing at the time of publication, to disseminate the contents of the articles to the public generally. The said articles contain serious charges against the character of Mr. Aaron Sapiro; and we, having

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since the publication of the articles investigated the matters further and found that there is no foundation for any of the statements which reflect upon Mr. Aaron Sapiro personally, hereby unreservedly withdraw all statements contained in the said articles which in any way reflect upon the personal character of Mr. Aaron Sapiro, and hereby tender apology for same."

### CHAPTER ELEVEN

#### THE CAMPAIGN RENEWED

While a considerable degree of disappointment had naturally been felt by the Provisional Board of the Pool, and by Pool enthusiasts throughout the province at the failure of the first campaign to reach the objective of fifty per cent of the cultivated acreage of the province, it had by no means destroyed their confidence in the ultimate success of their efforts. Moreover, it appears from the report of the Secretary to the Board on January 31st, 1924, that, notwithstanding the fact that no very special effort had been made in the interval, the additional contracts secured from November 23rd, 1923, to the date of the Board meeting on January 30th, 1924, covered no less than 1,623,828 acres. While some discouragement was felt that the results were not greater, it was pointed out that there were several unavoidable reasons for this, such as adverse weather conditions, and the holding of annual conventions of various bodies in which the farmers of the province were particularly interested.

But, while the holding of such conventions had militated against field work, they had, on the other hand, presented a splendid opportunity for the Board to get in touch with a very large number of farmers with a minimum amount of effort and expense, of which full advantage was taken.

By invitation, the Secretary of the Pool Board, George W. Robertson, addressed the delegates to the Farmers' Union Convention in Saskatoon, and that of the Saskatchewan Grain Growers' Association, which that year took place in Moose Jaw. He reported to the board that the Farmers' Union had endorsed the work of the Board and that a special effort was being made to secure as large a number of contracts as possible at those points where they had lodges in existence. The attitude of the S.G.G.A. delegates can best be described in the words of *The Progressive* in reporting the Convention:

"Without doubt, without hesitation, without reservations of any kind, sort or description, the 23rd Annual Convention of the S.G.G.A. put the whole strength of the organization behind the Wheat Pool." The association also pledged itself to devote all its resources to the securing of the necessary acreage, and re-

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quested the locals of the association to make this their sole work during the next two months. The association further endorsed an invitation to Sapiro to re-visit the province the following month, supported the Wheat Pool in arranging for as many meetings as possible for Sapiro, and urged all locals to appoint delegates to attend the meetings wherever most convenient during the visit.

All this, of course, meant a large expenditure of money, a commodity with which the temporary Pool Board was at that time by no means overburdened. Up to this point, the campaign, together with the necessary printing expenses, publicity, office and other expenses had cost the sum of \$52,375.89, out of a total income of \$57,919.56 secured on contracts and waivers, as well as grants of \$15,000 from the Saskatchewan Co-operative Elevator Company, and \$5,000 from the United Grain Growers, Ltd. This left a balance of only \$5,543.67 with which to carry on the work. It was, therefore, urgently necessary that an effort should be made to secure additional financial assistance without delay.

In exploring the possible sources of supply, two courses appeared to be open: first, an application to the Federal Government for a grant of \$50,000 from the surplus in the hands of the Government from the former Wheat Board; and second, failing this, a grant from the Provincial Government, to enable the campaign to be carried to a successful conclusion.

A Memorandum was, therefore, prepared and submitted to the Provincial Government, dated March 16th, 1924, setting forth fully the results of the campaign, and the financial position of the Pool at that date, together with anticipated expenditures until the objective should be attained. The matter was brought before the Agricultural Committee of the Legislature, in the form of a resolution which had been adopted by the Legislative Assembly, endorsing the application of the Saskatchewan Wheat Producers, Ltd. to the Federal Government for the grant.

Full consideration was given to the application by the Committee, which reported favourably to the House. In view, however, of the fact that the matter had not been favourably received by the Federal Government, the committee recommended that the resolution referred to it should be withdrawn in favour of another requesting the Dominion Government to make an immediate division, or partial division, of the surplus Wheat Board funds proportionately among the provinces, and that the Provincial Government should advance to the Pool, from these funds, such sum or sums as from time to time would appear to be necessary and warranted, the expenditure of such monies to be subject to audit by the Provincial Auditor.

On March 24th the matter was brought to the attention of the Legislature by Premier Dunning, who made it clear that the Government was anxious that the campaign should not be held

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up for want of money, and intimated that in case the Federal Government declined to make a grant from the Wheat Board surplus, the Provincial Government would loan such sums as were required, to be repaid when the Pool was organized. The Government, however, would not accept any responsibility for the operation of the Pool.

An inter-provincial committee was appointed to interview the Federal Government with regard to the matter, Mr. A. J. McPhail being the Saskatchewan representative. In making their report, the committee stated that they interviewed a committee of the Cabinet, several of whom expressed themselves strongly to the effect that the money belonged to the Western farmers, and that they should have it if there was any legal and equitable way of making a distribution.

Favourable as this seemed, however, the members of the deputation were doomed to disappointment for, as their report went on to say: "Mr. Robb, as Acting Minister of Finance and chairman of the meeting, was very clear and definite in stating his determination to keep the funds for the use of the Dominion Government. He stated that the Western farmers were indebted to the Federal Government to the extent of \$3,795,587 for seed grain advances, and that until this was paid he proposed to keep the Canadian Wheat Board surplus."

Notwithstanding this declaration, however, it appeared from the discussion that took place at the meeting that the Wheat Board had made a recommendation when the surplus funds were handed over to the Government that the money should be distributed to the Provincial Governments in proportion to the amount of wheat marketed through the Board from each province, to be used for relief work among the farmers. The deputation therefore suggested that if the money could not be paid direct to the pools, but only through the Provincial Governments, that the Federal Government would stipulate when making the division that a portion of the money be placed at the disposal of the Wheat Pool organization in each province. Further conversations with members of the cabinet sent the deputation away from Ottawa feeling that "in all probability this course would ultimately be followed by the Government." Mr. Robb, however, held the nation's purse strings for the time being, and he had no intention of relinquishing control; but the Provincial Government fully redeemed the promise made by Premier Dunning, that the campaign would not be allowed to fail for lack of funds and, after a thorough investigation of the financing and work of the Provisional Board of the Pool, an advance of \$45,000 was made payable in three instalments of \$15,000 each in April, May and June. The whole of this was repaid out of the first year's operations of the Pool.



Following the Annual Conventions of the two farmers' organizations, the S.G.G.A. and the Farmers' Union, the campaign was renewed with increased vigour and determination. On February 1st, 1924, the Secretary of the Board, George W. Robertson, resigned his position, owing to the necessity of his attendance at the sittings of the Legislature as member for Wynyard, and L. C. Brouillette was appointed to take charge of all arrangements for Sapiro's meetings. It was felt by the Provisional Board that if they could make the meetings arranged for Mr. Sapiro as successful as those of his first visit to the province, the battle would be won, and the Pool become an accomplished fact by early Spring. With that end in view, George F. Edwards, the newly elected President of the S.G.G.A., issued a circular to every local of the association, urging them to help in every possible way to secure the success of the campaign, while A. J. McPhail, as Campaign Manager, addressed a circular to all Wheat Pool canvassers throughout the province, emphasising the fact that the success of the campaign depended upon them personally. "If you can put every ounce of thought and energy of which you are capable," he wrote, "into the work in your district between now and the 15th of March, you will be able, I have no doubt, to look back with a feeling of great satisfaction, in having accomplished something really worth while in this great cause." Every assistance was also given by the Farmers' Union to make the campaign a success.

### SAPIRO REVISITS THE PROVINCE

It had been arranged that Mr. Sapiro should speak at seven points in the province, namely, Regina, Saskatoon, Kindersley, North Battleford, Weyburn, Assiniboia and Yorkton. It was originally intended that he should open his campaign in Saskatoon on February 21st, with an address at the School Trustees' Convention, completing the series at Regina on March 5th. Owing, however, to the persistent and vindictive attacks still being made on him by the "Concentrated Press," this arrangement was altered, and Sapiro decided to open the campaign in Regina, the headquarters of the Leader Publishing Company, and to give a full answer to the charges brought against him. The proceedings at this and the Saskatoon meeting have been dealt with in a previous chapter.

To say that the visit was an outstanding success is to put it very mildly, indeed. There cannot be the slightest doubt that Mr. Burford Hooke, the Managing Director, or whoever else may have been responsible for the severity and vindictiveness of the attacks on Sapiro, had made an extremely bad guess as to the probable results. The attacks, indeed, had the very opposite effect to that which was intended and had succeeded, instead, in

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arousing the enthusiasm of the farming population to fever heat; so much so, that as the meetings proceeded, in the words of *The Progressive*, "Sapiro's tour of the province is taking on all the features of a triumphal march, and each stopping place outdoes the other in the immensity of the audiences which strive to hear him." While this may, perhaps, reasonably be discounted to some extent on account of the propagandist character of the paper, the success of the tour may still be regarded as a most remarkable achievement, and one the like of which had never before, nor since, been seen in Saskatchewan. At each point the largest hall available was packed to the doors, while hundreds had to be turned away for lack of room. At each point he dealt exhaustively with some phase of co-operative marketing, or answered the attacks to which he had been subjected: but whatever line he pursued, he succeeded in re-lighting the torch of enthusiasm and fanning it to a greater flame than before. There could no longer be any doubt that the campaign would succeed, or that the Pool would begin to function with the crop of 1924.

Following the meetings, the efforts of those responsible for the campaign were redoubled, if that were possible. The services of H. W. Wood, the President of the Alberta Pool, which was already in operation, were also secured for a series of meetings in Saskatchewan, in the course of which he spoke at Regina, Moosomin, Assiniboia and other points. With the exception of Sapiro himself, H. W. Wood, by reason of his position as President of the Alberta Wheat Pool, probably had a greater influence on the farmers of the province than any other at this particular juncture, as he was able to speak from practical experience of the benefits that were likely to accrue from the co-operative marketing of the wheat crops of the West. Though his experience was short, pooling wheat was no longer a mere theory to him: therefore "the common people heard him gladly."

Speaking at the Rural Municipalities' Convention at Regina, early in March, 1924, he pointed out that the trouble with the farmers was that there was no satisfactory relation between the price of what they had to sell and the price of what they had to buy; that they had no salesmanship efficiency in the selling of their products, and that they would never merchandise their wheat until they had established a central selling agency, and the miller came to that agency and asked the price. That principle was absolutely sound, and could not be refuted.

Speaking of the Alberta Pool, he said that while they had had all kinds of difficulties, it was running more smoothly every day; and while he did not know what the price was going to be when it came to a showdown, he was convinced it was going to be more than the price to the outside producer. The entire address

was a well-reasoned argument in favor of the pooling principle, and stamped the speaker as a strong and convinced advocate of the system.

On March 15th there was a total of less than 3,100,000 acres signed up in the Saskatchewan Pool, or only practically one-half the acreage necessary to put the Pool into operation, and this was the result of nearly seven months of strenuous effort. The task still before the Provisional Board, notwithstanding all that had been done, was a tremendous one. It was characteristic, however, of the men behind the campaign, and illustrative of their determination to finish successfully the task to which they had set their hands, that they continued the campaign with, if possible, even greater energy than before.

As an example of this thoroughness, they decided to obtain a complete record of all the land in the province, in such form as to show at a glance how every grower of grain in the province stood in relation to the Pool. It meant, literally, the dividing of the sheep from the goats, from a Pool point of view.

In order to show how this work was carried out, and the results that were expected to accrue from it, we quote from *The Progressive*: "One of the biggest pieces of work ever undertaken by a co-operative marketing agency or organization paving the way for such an agency, was undertaken by the Saskatchewan Co-operative Wheat Producers, Ltd., during the Easter holidays. The holiday meant that many men, experts in accounting, were at liberty for a day or so, and forty of these men were engaged to record, by townships, every contract and waiver received at the Pool office to date. It is doubtful if any similar piece of work has been undertaken in so short a space of time on the American continent. It meant that it was now possible to point to any particular section of land in the province and say whether the owner or renter had signed a contract. It meant that an absolute record of all contracts was now filed, apart from the actual contract itself. In addition, all contracts reaching headquarters from that time on were to be entered up in the same way. It was a stupendous task, and the work was admirably done. The Chairman of the Organization Committee, A. J. McPhail, was in charge, and the entire set of offices of the S.G.G.A., the offices of the Municipal Hail Insurance Association, and the offices of C. E. Gregory, K.C., were placed at the disposal of the Wheat Pool Committee.

At this period there were contracts signed covering nearly 5,000,000 acres, and additional contracts were being received at the rate of 325,000 acres per week. Even mortgage companies were recognizing that it was to their interest to join the Pool, and the President of the Pool, A. E. Wilson, stated that one such company had sent in a single contract covering 60,000 acres.

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By April 24th it was becoming evident that the objective would be secured, and that the Pool would be in operation for that season's crop. It was decided in order to secure the requisite number of acres at the earliest possible date, to adopt Tuesday, June 10th, as "Sign-Up Day" for the Pool. In regard to this, Mr. McPhail issued a statement in which he said that sentiment had grown all along in favour of the pooling method, and was much stronger at that time than when they started out on the campaign in the previous August. They were making plans, he said, to have Saskatchewan give more attention to the sign-up on June 10th than had ever before been given to any other single matter in one day in the history of the province. Many towns and villages, he said, were declaring a civic holiday so that the citizens could devote themselves exclusively to the Wheat Pool work on that day. Forty thousand Wheat Pool posters and the same number of windshield banners for automobiles were sent out to retail merchants, municipal, town and village secretaries, bank managers, hotels, S.G.G.A. and Farmers' Union locals, Wheat Pool organizers and canvassers, etc., to advertise the Pool, so that not one man or woman in the province would fail to know of June 10th as Saskatchewan's Wheat Pool Day, or fail to be impressed with the importance of assuming personal responsibility for its success.

### SASKATCHEWAN POOL AN ACCOMPLISHED FACT

One week from the date of the Sign-Up, the announcement was made that "The Saskatchewan Wheat Pool is now an accomplished fact." The long-drawn-out struggle was ended, and one of the finest and most persistently sustained efforts ever recorded was brought to a conclusion with a total of 6,247,086 acres under contract, thus giving to the Saskatchewan Wheat Pool the proud distinction of being the largest co-operative marketing organization, by far, in the world's history.

While we are concerned primarily with the Saskatchewan Pool, in view of the fact that the three provincial pools are so closely related, it seems desirable that we should add a few words with regard to the organization of the Manitoba Pool, which was the last of the three actually to get under way so far as the drive for members was concerned.

The Manitoba Pool was initiated on August 30th, 1923, when, having decided that it was too late to organize a pool for that year, sub-committees were appointed to draft a contract and to make other preliminary arrangements so as to have everything in order for the crop of the following year. The contract was completed and copies distributed throughout the province in the month of October, in order to give the farmers an opportunity to study its provisions prior to the opening of the drive.

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The question of the proposed pool was brought before the annual convention of the United Farmers of Manitoba in January, 1924, when the convention gave its approval to the project. The Pool was, therefore, incorporated on January 28th, 1924. C. H. Burnell was appointed President; Peter Broadfoot, Vice-President; D. G. McKenzie, Treasurer, and W. G. A. Gourlay, E. C. Ramsay, W. G. Weir, A. J. M. Poole, S. R. Henderson and C. S. Stevenson, Directors. F. W. Ransome was appointed Secretary.

The campaign for signatures was initiated on March 10th, 1924, immediately following the visit of Sapiro to the province, in a vigorous effort to have the Pool in operation in time to market the crop of 1924. Sapiro had spoken at Portage la Prairie, Brandon, Morden, Carman and Winnipeg, great crowds thronging to hear him, so that his tour was equally successful with that of Saskatchewan which he had just concluded.

Manitoba, however, was not an easy province to convert to the principle of the co-operative marketing of wheat. Many of the farmers were of a conservative type of mind, while many others were more or less friendly to the Grain Exchange, on account of the help they had received by way of the loan of seed grain by members of the Exchange. The directors, therefore, considered the canvass more as an educative effort, rather than one in which the farmers were already convinced of the value of the pooling method as in Saskatchewan. It is easy to understand, therefore, why there was no such spectacular campaign as had taken place in Saskatchewan. The task was difficult, progress slow, and the Board was not too sanguine of success.

However, in order to ensure that every canvasser was a whole-hearted worker on behalf of the Pool, it was decided by the Provisional Board that each canvasser should be required himself to sign a contract before undertaking the work. Arrangements were made for a series of 400 meetings, to be completed by March 10th, for which the services of fifteen speakers were obtained. The Board also secured the services of H. W. Wood, whose visit to the province had a great influence on the fortunes of the Pool.

The contract provided that if a minimum of 40 per cent of the acreage, or 1,000,000 acres of the 1923 wheat acreage had not been signed up by April 1st, any grower would have the right to withdraw from the contract any time during the period from April 15th to May 10th. While, however, the total acreage received by the stipulated date was only 711,579 acres, only 277 contract signers took advantage of the opportunity to withdraw from the Pool. In spite of this disappointing result, it was decided to go ahead with the campaign, beginning on June 9th, and so confident were they of victory that they set the general meeting of the Pool for July 2nd and 3rd. By that time the

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success of the campaign was such that they were able to proceed to elect the first Board of Directors of the Pool with Colin H. Burnell, of Oakville, Man., as President, as already recorded. R. F. Chapman was elected Vice-President, and the following were elected on the directorate: Colin H. Burnell, R. F. Chapman, W. G. Weir, W. G. A. Gourlay, J. A. Carlson, A. J. M. Poole and S. Gellie. F. W. Ransome was re-appointed Secretary of the Pool.

It had long been recognized that if the members of the various pools were to reap the full benefits of the pooling system, a Central Selling Agency must be set up. This question was fully discussed at the Annual Convention of the S.G.G.A. in January, 1924—as also by the other prairie farmers' organizations—and a resolution favouring the project was adopted unanimously. While the fate of the Manitoba Pool hung in the balance, W. R. Wood, the Secretary of the Manitoba United Farmers, enquired of Mr. McPhail if Saskatchewan would be willing to co-operate with Manitoba to that end, seeing that there was a possibility that the percentage they desired might not be obtained. In reply he received the assurance that Saskatchewan would welcome the co-operation of Manitoba, as the principle of interprovincial selling was of more importance than the percentage of Manitoba's crop secured.

First steps towards the creation of an Inter-provincial Selling Agency were taken on May 31st, 1924, at an informal meeting of pool officials of the three provinces, which was held in Regina. No definite action was taken at that meeting; but an interchange of ideas showed that the three provinces held similar views as to the importance of taking steps to set up a single selling agency as soon as Saskatchewan and Manitoba had completed organization and elected their officers.

When these conditions had been fulfilled, a meeting was called in Regina on July 29th, 1924, and the entire marketing scheme to which the farming community had been looking forward for so long, was rounded out by the organization of the Canadian Co-operative Wheat Producers Ltd. The company was incorporated under a Dominion charter, with the capital stock held equally by the three pools. The first board of directors consisted of A. J. McPhail—who was elected President, a post he held until his death on October 21st, 1931; E. B. Ramsay and R. S. Dundas, as representatives of the Saskatchewan Pool; H. W. Wood, Vice-President, O. L. McPherson and W. J. Jackman, representing Alberta; and C. H. Burnell, R. F. Chapman and S. Gellie as representatives of the Manitoba Co-operative Wheat Producers Ltd.



## BUILDING THE MACHINE

Once the establishment of the Pool was placed beyond doubt, the work of organization of the Pool structure itself was immediately undertaken. We are following the course of events in Saskatchewan. One of the first steps necessary was to arrange for the election of delegates to represent the great body of members throughout the province. This was clearly a matter of the greatest importance, as from the delegates the responsible officers of the association were to be selected.

For the purpose of the election the province was divided into sixteen districts, each of which again was divided into ten sub-districts. Each sub-district was to elect one delegate, making a total for the province of 160 delegates, whose duty it would be to meet twice in each year, in the Annual and Semi-annual meetings, to hear the reports and decide on the policy of the pool for the succeeding six months. The Articles of Association provided for the election of sixteen directors, one representing each pool district, who hold office for one year only, but who are eligible for re-election each year. The director for each district is elected by the ten delegates, who meet at a central point in the district for that purpose.

The preliminary step towards the first election of delegates was taken on May 31st, 1924, on which date the Provisional Board of the Pool decided to send out nomination papers, which were returnable not later than June 14th. Every contract signer was entitled to take part in the nominations, which were to be on a municipality basis, any contract signer living within the municipality being eligible for nomination. Each nomination paper was to be signed by six contract signers, all of whom must be members of the Pool. Each nominee was required to sign a declaration that he was willing to act in case of election. There was no limit to the number of candidates who might be nominated. When all nominations were to hand, the names were placed on the ballot papers, one of which was mailed to every contract signer with instructions as to the method of voting. When filled in the ballots were returnable to the Central Office of the Pool, to be counted by a returning officer appointed by the Provisional Board, and who was not to be a member of the Pool. All directors are subject to recall on a two-thirds vote of the members.

The result of the first ballot was the election of the following as the first Board of the Pool: Edward B. Ramsay, A. F. Sproule, Herbert Smyth, Alfred E. Bye, A. E. Wilson, R. S. Dundas, Allan Lefebvre, Brooks Catton, James H. Robson, Harry Marsh, L. C. Brouillette, R. J. Moffatt, A. J. McPhail, Thomas Bibby and J. H. Wesson.

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At the first meeting of the new board, A. J. McPhail was elected President, L. C. Brouillette Vice-President, and R. S. Dundas, A. E. Wilson and Harry Marsh as members of the Executive.

It was, of course, recognized from the first that the Pool could not operate with any success unless it owned its own elevator system. During the first year of its operation, however, the only facilities the pool possessed was a small grain dump at Scobey, Montana, and it was therefore necessary for the board to make arrangements to market the wheat through existing elevator systems.

The following year, a subsidiary company, Saskatchewan Pool Elevators, Ltd., which has charge of the entire elevator system of the Pool throughout the province, was organized. Then followed Saskatchewan Pool Terminals, Ltd., which has jurisdiction over all pool terminal elevators and, in 1929, the Wheat Pool Construction Company, Ltd., was incorporated, its function being to build new elevators for the pool, and to carry out all necessary repairs for the entire system.

In the year 1925-26, the pool had 89 country elevators in operation, with an average of no less than 178,000 bushels for the season, an average which was considered unusually high. The following crop season the Saskatchewan Co-operative Elevator Company's entire system was purchased for the sum of \$11,059,000, arrived at by arbitration. This purchase added 451 country elevators, making a total of 540, to the system, in addition to four terminals; and in 1931-32 the pool operated no less than 1,069 country elevators and 5 terminals, the total storage capacity being around 50,000,000 bushels.

While under the control of the Wheat Pool Board, Saskatchewan Pool Elevators, Ltd., is operated as a separate body. Its revenue is derived from the handling charges which are paid by all pool members for the physical handling of their grain, the stock being held by the pool as trustee for its members, who are the shareholders by virtue of the deductions made from their individual crop returns, as provided by the contract, for the purpose of acquisition and construction of the necessary grain handling facilities.

Unlike the ordinary line company, Saskatchewan Pool Elevators, Ltd., is operated for service, and not for profit. The entire system is controlled from the head office in Regina, through a staff of superintendents, travelling superintendents, and local agents, while the interests of members of the pool are protected through a series of Wheat Pool Committees formed in each district throughout the province, surplus revenues being rebated to the members who have contributed to it by their use of the elevators.



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The Annual Convention of the Saskatchewan Grain Growers' Association in 1925 adopted a resolution requesting the Wheat Pool Board to establish a Coarse Grains Pool. This request was brought before the Board on February 7th, 1925, by George F. Edwards and Hon. George Langley, representing the Executive of the Association. The board expressed themselves as being favourable to the establishment of such a pool, but did not deem it advisable to take any action until they received a mandate from the members. The Wheat Pool delegates convened in Regina later in the same month, and recommended the formation of a Coarse Grains Pool. The board therefore worked out the details, and prepared the contract in the month of March, the campaign for signatures to commence immediately. The contract covered oats, barley, flax and rye, and contract signers were required also to sign a Wheat Pool contract, if they had not already done so.

Provision was made in the contract whereby contract signers could withdraw from the Coarse Grains Pool within a certain period, in case the minimum acreage desired was not obtained, and as this condition actually arose, 320 contract signers took advantage of the opportunity, leaving 31,546 contracts in effect, with 499 additional contracts awaiting checking or tracing with their respective Wheat Pool contracts. In view of this result, the Directors decided at their meeting on Sept. 16th, 1925 to commence operations, and the Coarse Grains Pool was actually established and in working condition on Sept. 21st.

For administration purposes, the Wheat Pool staff was divided into Secretarial, Contract, Field Service, Treasury, Publicity, Growers' Ledger, Supplies, Claims and Assignments, Grain and Reserves Departments. A short outline of each of these departments will be of interest as showing how this complicated business is conducted.

The Secretarial Department, of course, has charge of all official records of the Pool, contracts and documents of various kinds, conducts all official correspondence relating to the business of the board, general correspondence with local Wheat Pool committees, delegates, etc., and the thousand and one details that fall naturally to the secretary.

The duty of the Contract Department while the contract system was in effect was to receive and record all contracts, complete and revise membership lists, providing provincial, district and sub-district or local lists whenever needed, and record the acreage under contract. It also supervised the balloting for delegates.

The Growers' Ledger Department recorded grain deliveries of individual members, issued cheques for the interim and final payments, and took charge of the Reserve Fund accounting.

The Field Service Department employed a staff whose duty it was to keep in personal contact with the members through

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out the province, straightening out all kinds of difficulties, looking into complaints, addressing meetings, investigating alleged breaches of contract and acting, generally, as the Guide, Philosopher and Friend of Pool members everywhere. There is, in fact, no limit to the duties of the Field Service man, who proves his value by his versatility.

The Treasury Department has under its supervision all financial matters of the various sections of the Pool, is responsible for the accounting methods adopted in the different departments, reporting at given periods on the financial condition of the Pool, the bonding of employees, the placing of insurance, the preparation of the financial statements for presentation to the Board, and the delegates' meetings, and protecting the interests of individual members with respect to elevator deductions and commercial reserves.

The Publicity Department keeps the members constantly in touch with everything of importance that takes place in connection with the Pool, prepares pamphlets, administers the Radio and Library Departments, supplies accurate information as to the Pool to the general press, and attempts to create a favourable attitude towards the Pool on the part of the public.

The Supplies Department makes all purchases of stationery, documents, equipment required in any department of the Pool, sees to all orders for printing, and takes charge of all mailing lists.

The Claims and Assignments Department deals with all claims against the crops of members of the Pool, and all assignments made by members to their creditors.

The Grain Department is responsible for all settlements and adjustments with other companies, and the Reserves Department for the various Reserve Funds of the several branches of the Pool.

While this is primarily the story of the Saskatchewan Wheat Pool, we cannot overlook the Central Selling Agency, whose duty it is to dispose of the grain so as to reach the ultimate consumer.

The functions of the Central Selling Agency, or Canadian Co-operative Wheat Producers, Ltd., are entirely different from those of the provincial pools. The function of the latter is to gather the wheat and other grain crops from members throughout the area covered by each pool; that of the Central Selling Agency, to provide a market for the grains thus accumulated.\* Its official name of Canadian Co-operative Wheat Producers, Ltd., is, therefore, somewhat of a misnomer. Its better known name of Central Selling Agency not only better describes its functions, but is also more in accordance with its actual purpose.

\* This was prior to the establishment of the Federal Wheat Board.

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The Central Selling Agency is owned and controlled by the three provincial pools, each of whom is represented on the Board by three members, which is in accordance with the co-operative principle of equal representation altogether independent of the magnitude of business or membership contributed by each individually. Each of the three pools holds one-third of the total capitalization, which amounts altogether to \$150,000, and the company is incorporated under a Dominion charter.

Administration is under the control of a General Manager, who is responsible to the Board for the proper working of the various departments, in which he is assisted by the heads of the following departments: Administrative and Finance, Sales, Statistics and Research, Insurance, and Publicity.

The Treasury Department, especially, carries a tremendous load of responsibility on account of the immense sums of money which are under its control. As a matter of fact, the Department begins each season's operations practically devoid of finances, all of which, ultimately, must come from the sales of wheat which, at that period, is still in the growing stage. This circumstance involved the obtaining of a line of credit in order to enable the pools to make the necessary initial payment to their thousands of members on the delivery of their crops. This line of credit was obtained from the banks, who insisted on the maintenance of a margin between the Pool and market prices sufficient to protect their advances.

Another important point was the fixing of the initial payment, just referred to, which was done by the Central Selling Agency. This had to be set at such a figure as would protect the association in case of sudden fluctuations of the market price. As the sale of the crop proceeded, an additional payment, known as the interim payment, was usually made, the amount depending on the sales and inventory values, less an allowance for contingencies, by the Central Selling Agency. When the amount of the payment had been arrived at, the total amount was paid over to each of the provincial pools for distribution to their individual members; and this payment was followed at the close of the season by the final payment, thus establishing the price of the entire crop for each separate grade. This method, of course, was necessary only while pooling was in force.

The functions of the Banking and Accounting Departments of the Central Selling Agency are exceedingly complicated, and a detailed account of their work would be somewhat tedious, as well as being unnecessary in a work of this kind.

The Sales Department of the Agency was under the direction and control of a General Sales Manager, with two Assistant Sales Managers in the Eastern Division, and one at Calgary whose

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duty was to handle all sales for shipment via the Pacific Coast and the Panama Canal. The distribution of stocks to Eastern millers was handled through the Toronto office, while domestic sales in the province of Quebec were handled by the Pool office in Montreal. Branch offices were also established at Vancouver, New York, London (England), Paris and other points, with agents in all importing countries. Many of these were later abolished, owing to a change of policy.\*

The Local Grain Department is in two divisions, one of which handles wheat, and the other coarse grains. All shipments put through this department are checked, and a full accounting made, and the department is at all times able to render an account of stocks in hand and available for shipment. All charges for the handling of grain are passed on to the Accounting Department for payment.

The Statistics Department of the Agency collects all data with regard to the crops during the whole period of growth and harvest, the Wheat Pool statistician being in constant communication with all Wheat Pool secretaries, about 3,500 in number, throughout the prairie provinces, as well as more than 1,600 Pool elevator agents, from whom he receives weekly, half-monthly and monthly reports throughout the growing season. The department has also private crop reporters in nearly every wheat growing country in the world. Through all these sources the department is kept constantly informed of crop prospects not only in Canada, but practically throughout the world, thus enabling the department to weigh up the world wheat situation at any period of the year.

There is also a Research Division in association with the Statistics Department, operating a fully modern cereal chemistry laboratory, with experimental flour mills and bake ovens attached. There is a fully competent chemist in charge of this work, who conducts experiments to determine the milling and baking qualities of wheat from every section of Western Canada, as well as from other countries. The Sales Department is kept informed of the results of tests made in this division, and thus knows exactly the value of the wheat it has for sale, and how it compares with the crops of other countries.

The Publicity Department has different functions from the corresponding departments in the provincial pools, being more concerned with creating public opinion favourable to the Pool, through the press, the platform and the radio, and by personal contact with visitors.

\*See page 155.

The insurance business of the organization is placed with a subsidiary company, known as Canadian Pool Agencies Limited.\*

## CHAPTER TWELVE

### TOWARDS CONSOLIDATION

We must now consider the circumstances under which the Saskatchewan Co-operative Elevator Company came to be taken over by the Pool. — Reference has already been made to the fact that great dissatisfaction had existed for some years with the policy of the Co-operative Elevator Company Board, very largely because the company had never operated on a truly co-operative basis. The fact of the matter is that the Board, in spite of the strong demand that existed among a large body of the shareholders for the distribution of profits on a patronage basis, adhered rigidly to the joint stock principle under which all profits went to shareholders in proportion to their individual holdings in the company. This attitude on the part of the Board is the more inexplicable because, for the most part, the same men were on the Executive of the S.G.G.A., the Trading Department of which they were at the same time endeavouring to build up on a co-operative basis, with the payment of dividends to patrons in proportion to their purchases. Such inconsistency was bound, sooner or later, to bring its own punishment. They could not expect that they could go on indefinitely attempting to instil the co-operative spirit into the people on the one hand while repressing it on the other, in favour of a purely capitalistic system. So long as the Co-operative Elevator Company had only the competition of the line companies to meet, the failure of the board to apply the true co-operative principle in disposing of their surplus revenue, bad as it was, was not quite so glaring; but, with the coming of the Pool, the attempt to run a so-called co-operative organization on capitalistic lines could not fail to be doubly, and even trebly, emphasized. Indeed, it is not too much to say that had the directors had sufficient foresight to harmonize the policy of the company with its professed principles, the Saskatchewan Co-operative Elevator Company itself would, in all probability, have taken the place later assumed by the Pool, by a natural process of evolution. The fact that they failed to read the signs of the times aright was eventually their own undoing.

This was responsible, in large measure, for an event which was brought to light as soon as the Pool was organized, and

\* The foregoing description of the work of the various departments applies, of course, to the years while pooling was in full effect. With the establishment of the Government Wheat Board in the year 1935, and the consequent abolition of the contract, some minor changes would necessarily have to be made.

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immediately prior to the election of the first Board of Directors of the Pool, through the correspondence columns of *The Morning Leader*. This, apart from whatever motives may have been behind it, cannot be regarded as having been other than extremely unfortunate, as it aroused feelings that would have been better allowed to lie dormant.

The letter in question referred to a circular issued to Farmers' Union members by the Central Secretary of the Union, which read, in part, as follows:

"To begin with, in the nominating of the municipal delegates, members of the Union should concentrate their franchise on one Farmers' Union nominee. Where the mistake has already been made of nominating several Farmers' Union men from one municipality, and those men's names being returned on the ballot paper, there should be a mass meeting of the Farmers' Union called in that municipality for the purpose of elimination of all but one name, who should be their strongest choice."

On this matter being made public, the action of the Secretary, N. H. Schwarz, was severely condemned by W. M. Thrasher, a member of the Farmers' Union Executive, who declared that the Secretary had overstepped his authority, and stated that, as a Director of the Farmers' Union, and a member of the temporary board of the Pool, he would press for a thorough investigation, so as to place the responsibility where it rightly belonged.

A few days later, however, Mr. Thrasher expressed his regret for his statement, explaining that he had found that the Secretary had acted on the instructions of the Union Executive. Further, the President of the Farmers' Union, Mr. L. P. McNamee, stated that they had no apologies to make for their action, because "the tremendous amount of opposition which they had encountered had to be overcome in order to establish the Pool, and to protect it from falling into the hands or under the control of certain grain corporations, who claim allegiance of a small faction of the farmers, who were responsible for the Pool opposition."

Circular letters issued by the Farmers' Union prior to the one already quoted were brought to the attention of shareholders of the Co-operative Elevator Company by W. C. Mills, the Secretary of the Company, in a circular letter issued by him under the date of July 7th, 1924, as evidence that even then action was being taken by the Farmers' Union with a view to the ultimate taking over of the Co-operative Elevator Company by the Pool. In the first of these, described as "Circular Letter No. 31," it was intimated that the time had arrived when they "must prepare for elevators and storage facilities on the most satisfactory terms," and members who were shareholders in the Co-operative Elevator Company were requested to propose at specially called—

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meetings, that the company's elevators be rented to the Pool for a period of one year, with the option of purchase, payments to be spread over a number of years. Naturally, this action was strongly resented by the Directors of the Co-operative Elevator Company, who condemned it in the most scathing terms. It was evident, however, that this was the beginning of the end of the company which, as will be related later, was eventually absorbed by the Pool.

With feelings so strained, it was not to be wondered at that there was a distinct lack of harmony between the Pool and the Co-operative Elevator Company. This feeling was very pronounced when the question arose of the handling of Pool wheat by the company. The Directors of the latter body drafted an agreement, to certain features of which the Pool Board took strong exception. The Board of the Elevator Company and their Field Service men charged the Pool Directors with having shown poor judgment in refusing to accept the agreement, while the Pool Board on their part held that there were in the agreement a number of clauses which, from the Pool point of view, were very objectionable.

In outlining their objections to the agreement in *The Western Producer* (the former *Progressive*), the Pool Board pointed out that, among other things, the agreement reserved to the company the right to sell Pool wheat at any time by private or public sale, a right which was not given to any line elevator company except in regard to street wheat, and this only if the ten cents per bushel agreed upon was endangered, and after four days' clear notice; it reserved the right to withhold shipment of Pool wheat whenever the company considered it in its interest to hold its own wheat in country elevators, even though it was to the interest of the Pool to have their wheat shipped to the terminals; and, in effect, it also obligated the Pool to pay at least 6½c per bushel to the company for all wheat handled for the Pool, by means of a flat rate of four cents per bushel on all wheat, the elimination of free storage and other conditions.

In laying this matter before the members of the Pool, the Pool Board declared that there was no foundation for the statement made by the "Semi-Secret Service" of the company, that the Pool was out to absorb the company. At the same time they declared that no obstacle, however powerful, would be permitted to stand in the way of the Pool endeavouring to secure for its members the objective which it had set out to accomplish.

There was great dissatisfaction on the part of the members of the Pool with the method adopted by the Co-operative Elevator Board in appointing a group of Field Service Men. It was alleged that they were appointed only a few days prior to the annual

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meeting of the shareholders, and that they were attending shareholders' meetings and attempting to influence the election of directors.

Speaking at Landis at the close of the month of November, 1924, Mr. Fleming, of Tate, a director of the company, denied these charges, and insisted the Field Service Men were appointed for the purpose of imparting information with respect to the company and its business, and to help to straighten out difficulties and misunderstandings. Nevertheless, the action of the directors was the cause of much suspicion, and earned the department the name of "Secret Service Men." Whatever may have been the object of the Co-operative Elevator Board in making the appointments at that particular time it certainly did not make for harmony or good feeling.

There was also present at the Landis meeting the Vice-President of the Pool, Mr. Brouillette, who was called upon by the audience to give his version of the existing position between the two bodies. Referring to the fact that certain of the Elevator Company's directors had not signed a Pool contract, he declared that "he who is not with us is against us," a statement which he justified by the general attitude of the Co-operative Elevator Board towards the Pool. He dealt also with the efforts of the Pool Board to enter into an agreement with the company for the handling of wheat when the Pool was first established. He declared that they went to the Co-operative Elevator Board first of all, but found it absolutely impossible to come to any agreement on account of the conditions that the Elevator Board wished to impose, as mentioned previously, and this caused much valuable time to be lost. They then went to the North West Grain Dealers' Association, and secured an agreement with them which was minus the objectionable clauses in the proposed agreement with the company. They would not have signed an agreement with any company, he declared, which contained clauses of that character. After they had secured an agreement with the North West Grain Dealers' Association, the Co-operative Elevator Board was anxious to handle the Pool wheat on a basis that would create competition. An arrangement was then entered into under which the company handled Pool wheat without a contract. It may be added here that the Pool had entered into an agreement with the United Grain Growers, Ltd., at Winnipeg, previous to the agreement with the North West Grain Dealers' Association, just mentioned.

When the Annual Meeting of the Co-operative Elevator Company assembled, the feeling in the country manifested itself in an unmistakable manner, in the fact that the three retiring directors, Messrs. A. J. Hawkes, Thos. Sales, M.P., and H. C. Fleming went down to defeat.



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Following the events already narrated, the question of elevator facilities came up for consideration at the delegates' meeting of the Pool in the latter part of February, 1925, when the following resolution was adopted, namely: "That, as a general policy, and reserving the right to vary this policy from time to time, as might be required in the best interests of its grower members, the Saskatchewan Wheat Pool should now proceed to acquire control of elevators at points not now served by farmer-owned elevators."

In the course of the discussion it was pointed out by Mr. McPhail and other officials of the Pool, that relations with the two farmer-owned elevator companies, the U.G.G. and the Co-operative Elevator Company, were much more favourable, and the Board felt that "by working for a closer relationship this year, leading towards complete unity in the near future, the greatest and most powerful farmers' economic organization in the world could be brought about, and it was worth while exercising a little patience." At the same meeting Wm. Robinson, of Ituna, one of the newly-elected Directors of the Company, stated that it was "very important that the present attitude of the company should be taken into consideration," because there was no doubt that the officials of the company had "changed their minds materially." It was now their intention to co-operate with the Pool. There is no doubt whatever that this improved feeling was due very largely, if not entirely, to the change that had been brought about in the membership of the Board.

Following the discussion, a resolution was also passed by the Pool delegates recommending the acquisition of elevators at the heaviest contract shipping points in the province, but refraining as much as possible from competition with the farmer-owned elevators; and also urging on the Pool directors the necessity of establishing the closest possible measure of co-operation with these companies, with a view to bringing about complete unity at the earliest possible moment.

Speaking at North Battleford on March 31st, 1925, Mr. McPhail said, in dealing with the elevator policy of the Pool that "in the year to come there would be no clashing with the interests of the two other farmer co-operative organizations, the Saskatchewan Co-operative Elevator Company and the United Grain Growers' Company, but in the year following there might be unavoidable clashing." In this connection he gave expression to the opinion that "the day would come when each of these great organizations would be joined together in a common service to the farmers of the province, a great combination of interests seeking the common good."

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In its issue of September 10th, 1925, *The Western Producer* declared that: "It is generally realised that the arrangement entered into at present is only of a temporary nature, and that if the pools maintain their present objective with regard to elevators, and if the farmer-owned elevators continue to insist that their present status is permanent, and their development as a separate institution beneficial to the farmers, a clash must come and a battle must be staged," and it went on to declare that: "A solution can be found," and that the ultimate solution was "the taking over by the Pool of the elevator company." There were only two alternatives: a line of action embracing full co-operation with the Pool, leading to the peaceful absorption of the company, or a policy inevitably leading to a struggle for supremacy.

On September 24th the directors of the Pool issued an official statement, in which they called attention to the fact that while the Pool at that time controlled the greater part of the grain grown in the province, "the facilities through which the grain is handled are controlled by interests which are opposed to the pool method of marketing: interests whose sole concern lies in making profit through a system of marketing or dumping which, in the opinion of the Pool, is opposed to the best interests of the producers."

While recognising that "nothing should be done which would destroy the value of the physical handling machinery which the farmers (who are, in the main, Pool members) had so painstakingly built up," in connection with the Saskatchewan Co-operative Elevator Company, Ltd., and the United Grain Growers Ltd., the Pool Board expressed the opinion that "the Pool must acquire its own warehousing facilities at every shipping point in Saskatchewan at the earliest possible moment, so that such facilities may be operated under a policy in complete accord with the Pool method of marketing."

The board therefore announced that they had decided to build or acquire elevators at points where there was a minimum of 10,000 acres under contract to the Pool, and where there were no elevators owned by the two farmers' companies; and that at points where these companies had elevators they would require an acreage of 30,000 under contract before a pool elevator would be erected. In other words, while entering into competition with line elevator companies, they would avoid competition with the companies owned by the farmers. In adopting this policy the board demonstrated their desire to preserve harmony within the farmers' movement, and they expressed the hope that such developments would take place between the two farmer-owned elevator companies and the Pool as would make impossible any conflict in carrying out the policy of building up a system of country elevators



operating in conformity with the pool method of marketing. This spirit cannot well be regarded otherwise than as eminently commendable.

In pursuance of the policy thus outlined, the Pool Board, during the first year of operation acquired 86 elevators, on a cash basis, and further arranged to construct an additional four elevators on branch lines in the south of the province. It was decided that the elevator system should be handled on a non-profit basis, and with that object in view a charge of 4c per bushel on 1, 2 and 3 Northern wheat, and 5c on other grades was fixed, these charges being one cent lower than other elevator companies with the exception of the U.G.G. This also applied to coarse grains in wagon-load lots. It was found difficult, however, to purchase existing elevators at a price in keeping with the valuation placed upon them by their own inspectors, and the board was therefore compelled to build 52 new elevators during the year. These were erected on new lines or at points where existing elevators were out of date and unsuitable for the economic handling of grain.

## UNITY ACHIEVED

At the annual meeting of Wheat Pool delegates held in Regina on October 21-23, 1925, one of the most momentous decisions ever made by the farmers of the province was consummated. At that meeting the board of directors brought forward a resolution which read as follows: "We believe that the Pool should approach existing elevator companies in the near future, with a view to acquiring their entire systems; and that, as a first step in this direction, negotiations should be entered into with the farmer-owned elevator companies, with a view to bringing about the consolidation of all farmer-owned grain marketing facilities within the province. Your Board are of the opinion that such a step would be in the best interests of co-operative marketing in this province."

This resolution was subjected to a complete and earnest discussion, after which the following resolution was adopted unanimously, and with the utmost enthusiasm by the assembled delegates: "Resolved, that this annual meeting of Saskatchewan Wheat Pool delegates would view with favour the amalgamation of the two farmer organizations in this province, and is prepared to render any assistance possible."

This was followed by a further resolution: "Resolved, that we authorize the board of directors to make an offer at an early date to purchase the whole elevator system and equipment of the Saskatchewan Co-operative Elevator Company, Ltd., at a price to be fixed by arbitration; further, that the board be authorized to lease the terminal elevator system of the Saskatchewan Co-operative

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Elevator Company, Ltd., with an option to purchase the same, at a price to be fixed by arbitration: further, that in the event of the board not being able to lease the terminal elevators on a satisfactory basis, that they may be authorized to purchase the same."

One of the most significant features of the discussion was the number of speakers among the delegates who announced themselves to be shareholders of the Co-operative Elevator Company, while others spoke in the name and with the authority of entire locals of the Company, as being not only favourable, but desirous of the transfer of facilities to the Pool. Commenting on the unanimity of feeling in connection with the proposed transfer, the official statement of the Pool Board said: "The method of approaching the big project was the subject of varied viewpoints, and was finally unreservedly left in the hands of the Board: but the urge to complete the marketing facilities of the Pool came with compelling directness from all sections of the country."

The determination of the delegates was further displayed in the following alternative resolution: "Resolved, that if the directors find it impossible to come to an agreement to purchase the elevators referred to in the previous resolution, that they be authorized to acquire, either by purchase or construction, country elevators and the necessary terminal space for the handling of Pool grain, within the limit of the estimated elevator deductions covering the life of the present contract: further, that country elevators be acquired at those points at which the acreage under contract to the Pool is heaviest; provided that it shall be in the discretion of the board to construct elevators along new lines of railway when, in their opinion, it is in the best interests of the Pool to do so."

Apparently the enthusiasm and determination of the delegates caused some misgiving to Mr. McPhail as, speaking the same evening, he quoted President Coolidge as having declared that "there was more danger to the co-operative movement in America today through advancing too fast, than from going too slowly." Evidently he felt the advisability of not letting themselves be carried along too rapidly on the crest of the wave of enthusiasm which was so manifest.

Referring to the offer of purchase, *The Western Producer*, in its issue of Nov. 5th, 1925, declared that: "The acceptance by the elevator company of the offer of the Pool would be the greatest forward step in the way of co-operative marketing since the declaration that the Pool was ready to do business."

In the same issue of this paper there appeared an advertisement inserted by the United Grain Growers, Ltd., calling attention to the fact that a committee representative of the three provincial pools and the two farmers' companies had been formed the previous winter to enquire into the question of the co-operation of the five bodies in the handling of grain so as to protect the

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interests of both pool members and shareholders of the companies, and also into the basis on which fair and equitable arrangements could be made for the use of the company's elevators by the pool. These efforts to arrive at an understanding, however, proved abortive, and the Manitoba and Saskatchewan pools were charged with having decided upon "a policy of indiscriminate duplication of farmer-owned grain handling facilities," and the board of the U.G.G. declared that it was "time for the members of these organizations to take stock of the situation."

The U.G.G. Board believed that "a plan could be found that would consolidate the organizations that the farmers have created into marketing machinery that would be able to function to the satisfaction of both Pool members and company shareholders, and that such machinery would be in the best interests of the Western farmers, and give them the maximum of benefit," and the Board suggested the appointment of a committee consisting of the three Provincial Premiers "to enquire into and make recommendations as to how co-operation or consolidation of the machinery and facilities of the farmer-owned organizations could be effected, so as to best serve the interests of the farmers of Western Canada." Since the five bodies were referred to throughout this advertisement, it seems evident that the Directors of the Saskatchewan Co-operative Elevator Company Ltd. were in agreement with the attitude adopted by the U.G.G. Indeed, this was made perfectly clear in a statement handed to the press by Mr. Riddell, the General Manager of the Co-operative Elevator Company.

In this statement, Mr. Riddell maintained that every effort had been made by the Directors of the Co-operative Elevator Company to secure an amicable agreement with the Pool for the handling of grain, and charged the Pool directors with attempting to "club the company out of existence." As a matter of actual fact, as previously recorded, the Directors of the Pool had deliberately avoided erecting elevators at points where the Co-operative Elevator Company was already established, on the ground that duplication of farmer-owned facilities was undesirable.

While this stand was taken by the Directors of the Pool, it was also a fact that most Pool wheat was delivered at the very points where there were Co-operative elevators, and at these points Pool members were demanding that facilities be provided for the shipment of their wheat through Pool elevators. It is evident, therefore, that the hands of the Pool directors were forced in the matter of the purchase of the Co-operative Elevator system.

Further, in his statement, Mr. Riddell threw consistency to the winds. He took the ground that the Pool was purely a selling organization and, as such, was not in need of establishing its own grain handling facilities. This was not only in direct conflict with the views of the Pool directorate, and with those

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of Mr. Sapiro, but also in equally direct conflict with his own views a few years previous to this time. We have already recorded that Mr. Riddell was a member of the Canadian Council of Agriculture Committee which was appointed in October, 1920, to study the marketing problem. The committee found that a wheat pool was a possibility and among the requisites for a successful pool, it was stated that: "Arrangements must be made for elevator facilities to handle the wheat so contracted for delivery to the selling agency." If elevator facilities were essential to a successful pool in the year 1920, they were surely no less necessary in 1925, and we can only conclude that Mr. Riddell's later views were coloured by the possibility of personal sacrifice. It seems evident, indeed, that much the same spirit animated the board of the elevator company as a whole at that time.

If we may accept the summing up of the argument on the elevator question by *The Western Producer* of November 12th, 1925, there can not possibly be any doubt as to the attitude of the farmers of Saskatchewan in general on the point. Says the *Producer*: "Was opinion in Saskatchewan ever more united, ever more in harmony on a single point? All the members of the Wheat Pool, the members of the Grain Growers' Association, the members of the Farmers' Union of Canada, thousands of the shareholders of the Co-operative Elevator Company—at least 100,000 of the producers of Saskatchewan at one mind on the subject of linking up the activities of the Pool and the Co-operative Elevator Company. This is a much stronger body of public opinion than that behind any government, any social reform, any policy or creed."

Notwithstanding this strong consensus of opinion—although we may allow something for the enthusiasm of *The Western Producer*—the directorate of the Co-operative Elevator Company remained strongly antagonistic to the proposed sale, and J. A. Maharg, the President of the company, declared at a meeting of Co-operative shareholders at Nokomis that he personally would do all in his power to prevent the sale.

The attitude of the Farmers' Union of Canada towards the question of the purchase of the Co-operative Elevator Company by the Pool was never in doubt, while that of the S.G.G.A. was made perfectly clear by a statement issued over the signature of George F. Edwards, President; Hon. George Langley, Vice-President, and a former President of the Co-operative Elevator Company, and Mrs. Ida McNeal, the President of the Women's Section of the S.G.G.A., in which a resolution of the annual convention was quoted favouring the consolidation of the United Grain Growers', Ltd., the Saskatchewan Co-operative Elevator Company, Ltd., and the Western wheat pools into one great co-operative marketing

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organization, and which also empowered the board of directors to take whatever action they thought fit to give effect to the resolution.

It was evident, however, from the report of the Board of Directors of the Co-operative Elevator Company for the year ending July 31st, 1925, that the company was going to die hard, if die it must. In this report the board recommended--“(1) Continuation of the company's endeavour to co-operate with the pools to the fullest degree possible, and of co-ordinating all the facilities of the pools and the companies, so as to secure the maximum of service at the lowest possible cost to pool members and other farmers; (2) renewal of our offer to confer on plans for providing all the necessary handling facilities without duplication; (3) continuation of the arrangement for increasing the volume and handling at cost by co-operation of the pool and the company.”

The report also declared: “When at a future date the pools have become more permanently established, and have got together in a permanent unity, and a full federation of the pools and the companies may prove to be desirable, we have no doubt that the company will do its full part in bringing about the fullest unity possible.”

When the annual meeting of the Saskatchewan Co-operative Elevator Company took place in December, 1925, the following resolution was introduced: “Be it resolved that whereas an offer has been made by the Saskatchewan Co-operative Wheat Producers, Ltd., to purchase the company's country elevator system at a price to be determined by arbitration, and to lease or purchase the company's terminal elevators, it is deemed advisable that full consideration be given to the said offer, and that the full details of the matters involved be furnished to the shareholders; and that a further special meeting be called in accordance with the bylaws of the company within a period of two months of this date, for the purpose of considering and definitely dealing with the said offer.”

Following a lengthy discussion, an amendment was introduced urging the directors to form some plan of amalgamation with the pool, so as to avoid duplication of farmer-owned elevators. When put to the meeting, however, the resolution carried.

## THE CO-OPERATIVE ELEVATOR COMPANY ABSORBED BY THE POOL

These proceedings took place in the afternoon of Dec. 17th, 1925, and the motion was carried amid a storm of cheers which was heard by passers-by in the streets adjacent to the building. The scene was well described by *The Western Producer* in the following words: “They (the delegates) continued to cheer. Here and there were men who, sensing the historic burden of the mo-

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ment, sat tense under the electric emotion of the situation. The delegates had just decided on instructions to their board of directors to call a special meeting of the company within a period of two months from December 17th for the purpose of considering the sale of the company to the pool. The fine building was crammed to capacity and seemed to rock with the reverberations of those cheering farmers. Even the men in the visitors' gallery went wild. A snatch of song broke out in one section. Officials sat as if petrified. For two minutes pandemonium was in full charge of the convention. No man who was fortunate enough to be present could miss the significance of the decision, or fail to see the finger of agricultural history pointing forward."

The tenseness was at length broken by the Chairman, Mr. Maharg, announcing: "You have decided clearly that you want another meeting within two months on this point."

Following this meeting, W. C. Mills became President of the Co-operative Elevator Company in succession to Mr. Maharg and, in speaking to the delegates of the Saskatchewan Grain Growers' Association Annual Convention in January, 1926, Mr. Mills said that the change of officials that had taken place had been made only "with the one intention and idea, and that is, to demonstrate to this country that we are in deadly earnest in our anxiety to get together with those other interests that are working with us, and should be working with us towards that same end." Further, he stated, "We are endeavouring to co-operate closely with our friends of the Wheat Pool; and I believe . . . no stone must be left unturned, no action that might be taken, left undone, to bring the two organizations into the closest possible co-operation and harmony. . . . I can only say that our company is prepared to go to any length to settle this most pressing question, and we only ask for the earnest consideration of every well-wisher of the farmers' movement to these very big problems which now confront us. We must go forward in harmony, and co-operation to bring about the best result."

In accordance with the spirit of this statement, a series of conferences was held between the directors of the two organizations, at which the details of the proposed purchase were thoroughly discussed, and a meeting of Pool delegates was called for February 17th, to consider the terms of purchase. At this meeting the offer of the Pool board was approved, and the board was authorized to complete the agreement with the company. With the consummation of this movement the Saskatchewan Wheat Pool became not only the largest single grain handling concern in the world, but also one of the largest owners of elevator facilities. The most important achievement, however, was that it unified the producers of the province to a far greater extent than would





ever have been possible with two rival organizations contending for supremacy in the markets of the world.

The terms of purchase provided for the valuation of the company's assets on a replacement basis, less depreciation, by a Board of Arbitration composed of three members. The Board, as constituted, consisted of Mr. C. D. Howe, representing the Co-operative Elevator Company, Mr. W. G. Styles, representing the Pool, and Mr. Justice Turgeon as Chairman. The majority award placed the value of the entire property to be taken over at a total of \$11,059,310.47. A payment was to be made at the time of the agreement of \$500,000, and \$1,500,000 on August 1st, making a total initial payment of \$2,000,000, subsequent payments to be at the rate of \$1,000,000 per annum, with interest at 6 per cent. Pool Elevators Ltd. also assumed the Saskatchewan Government mortgages previously given by the Company, which were later replaced by new mortgages by the Provincial Government in consideration of an additional payment of \$150,000 per annum, the entire indebtedness in this connection to be fully discharged within a period of seven years. All these matters settled, the property was officially turned over to the Pool Elevators Ltd. on August 2nd, 1926.

## CHAPTER THIRTEEN

### EARLY ACHIEVEMENTS

We have now reached the point where we must review the progress made by this, the greatest grain marketing organization the world has ever seen.

The first annual report of the board of directors of the Saskatchewan Pool points out that on the basis of 13,002,741 acres seeded to wheat in the province, which was the government's estimate for the year 1925, the pool, at the time of the annual meeting in October, 1925, controlled 71.8 per cent of all the wheat grown in the province. Much of the credit for this result was given to the Wheat Pool Committees organized in the fall of 1924, which had carried on a continuous campaign for contracts, and had reached the objective of 9,000,000 acres under contract by September 24th, 1925. By the month of October also there had been received 33,371 coarse grain contracts, covering 1,625,855 acres of oats, 325,543 acres of barley, 316,935 acres of flax, and 77,471 acres of rye; and while these fell short of the objective, it was the belief of the board that not only could the coarse grains objective be passed, by whole-hearted co-operation, by the end of the year, but also that the wheat acreage could by that time be carried to 10,000,000 acres. In order to assist in achieving their purpose, a Field Service Department was organized.

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and an organizer placed in each of the 16 districts in the province, to co-operate with the delegates and local committees. Incidentally, it is rather amusing to find that, so early in its career, the Wheat Pool should have instituted a department which, when adopted by the Saskatchewan Co-operative Elevator Company, had been condemned and ridiculed as a Secret Service Department.

At the time of the first annual meeting the Pool had in operation 81 elevators, all of which had been acquired on a cash basis, and there had passed through these elevators a total of 5,572,658 bushels of all grains, which gave the very satisfactory average of 68.797 bushels.

Some of the elevators had only just been completed at the time the first annual report was issued and therefore had handled little or no grain. If these had been left out of the calculation, the average for the remainder would, of course, have been higher. In considering the small amount of grain, in comparison with the total production in the province which had passed through Pool elevators, we must bear in mind that the vast majority of the members were unable to market their grain through their own elevators, as there were so few points, comparatively, where Pool elevators had been erected or acquired. The test of the loyalty of the members would, therefore, be in the total volume of wheat handled by the Pool through its own terminals. This amounted to 50,202,599 bushels, out of a total of 107,540,000 bushels for the province, or approximately 47 per cent of the crop. But as the acreage under contract was considerably more than 50 per cent, even this does not give a true picture. As a matter of fact, a large portion of the crop had been marketed before the Pool commenced operations, while a considerable acreage was not marketed at all; and further, in many sections of the province where the acreage under contract was large, the crop was light. All these factors, of course, had a considerable effect on the total volume of wheat passing through Pool elevators; and bearing these factors in mind, it must be admitted that the figures spoke well for the loyalty of the members as a whole.

Finances for the operation of Pool Elevators Ltd., which is the name of the elevator section of the Pool, were provided by the Central Selling Agency to the amount of \$2,000,000, which was loaned to the Pool at six per cent interest.

It was scarcely to be expected that in so large a body of members no defections would occur. Investigation, however, showed that such cases were few, indeed, and most of them were due to misunderstanding of the terms of the contract.

One case of the kind which attracted considerable attention was that in which action was taken for breach of contract against Leon R. Zurowski, of Southey, damages being claimed of 25c per bushel for each bushel of wheat sold outside the Pool, as provided

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by Sect. 24 of the contract. The case was first taken before Mr. Justice Embury, and was decided in favour of Zurowski. On appeal, however, his decision was reversed and damages were fixed at \$397.50, with costs.

It was argued on behalf of Zurowski, (1) that there was no contract because the Pool had not notified him that his contract had been accepted, and had not issued any stock; (2) that the Pool had not taken out a license as a primary grain dealer; and (3) that the contract was unenforceable as being in restraint of trade. Judgment was given for the Pool on all points, the decision being handed down by Mr. Justice Lamont, and concurred in by the Chief Justice and Mr. Justice McKay.

The total cost of the year's operations was \$319,821.07, or slightly more than half a cent a bushel. The contract authorized the directors to deduct 2c per bushel for acquiring handling facilities, and one per cent for the creation of a commercial reserve. The full deduction was made in each case, the former amounting to \$958,238.32, while the commercial reserve totaled \$756,432.65. Use was made of the commercial reserve deductions by loaning to the Central Selling Agency at six per cent for the financing of marketing operations.

The method of payment by the Pool is of interest, as it undoubtedly had a most beneficial effect on all classes of the community. On delivery, an initial payment of \$1 per bushel was made, followed by two interim payments in the months of April and July, of 35c and 20c per bushel respectively, and a final payment in the month of September of 11c per bushel, or a total of \$1.66 per bushel. The interim payments, moreover, were made at times when they would be of most benefit to the members, namely, just previous to seeding and harvest. The spreading of the payments over the whole year kept money in constant circulation, and thus had a salutary effect on every section of the community; and, further, the fact that payment was made by instalments acted as a decided check on extravagance, which is always more or less fostered by the possession of cash in considerable amounts.

By the end of the second year's operations considerable progress had been made, both in regard to membership and acreage, the former having increased to 78,785, while the number of acres signed up amounted to 10,492,443, or 79 per cent of all the acreage seeded to wheat in the year 1926. The Coarse Grains Pool had also by that time made fair progress, though not equal to that of the Wheat Pool, the percentages signed up at that time being oats 38, barley 36, flax 60 and rye 37 per cent. The amount of wheat shipped through the Pool was 129,713,876 bushels, or 56 per cent of the entire crop, as against 47 per cent for the previous year; while coarse grains of all kinds marketed through the Pool

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amounted to 11,349,174 bushels, or 28 per cent of the coarse grains crop of the province.

As recorded in the previous chapter the Saskatchewan Co-operative Elevator Company was taken over by the Pool during the previous year 1926. This added to the Pool's facilities no less than 451 elevators, in addition to 91 country elevators which were either constructed or acquired from other companies during the year. This gave a total of 582 country and 2 terminal elevators, the latter at Port Arthur, with a capacity of 7,575,000 bushels. By this purchase, the Pool, as already stated, became one of the largest owners of elevator facilities, as well as the largest grain handling company in the world. The shipments through the Pool in this year amounted to 129,600,522 bushels of wheat, and 11,435,690 bushels of coarse grains, the former being around 52 per cent of the total crop. The total payment on the year's crop was \$1.45 per bushel, basis 1 Northern, Fort William.

As a result of the re-organization which took place when the facilities of the Co-operative Elevator Company were taken over, it was felt necessary to make some changes in the management, and Mr. Donald McRae, who was the first manager of the Pool, and had been in charge of both departments, became manager of the country elevator system. Mr. E. G. Hingley, who was formerly manager of the Municipal Hail Insurance Association, being appointed manager of the Pool.

Although the first contract did not expire until July 31st, 1928, a drive for signatures to a new contract was begun in the latter part of 1926, and by the month of June, 1927, the continuance of the Pool was assured. At that time 44,673 contracts had been secured, covering 6,491,464 acres, and by the month of November these figures had been increased to 53,366 contracts, and 7,698,499 acres. As there still remained over eight months before the expiry of the first contract, these figures were regarded as very satisfactory, and that this feeling on the part of the board was justified is proved by the fact that by the end of October, 1928, there had been secured 77,404 contracts covering 10,735,448 acres. This showed a falling off in the number of contracts, as compared with October, 1926, of 1,381 while the acreage had increased by 243,005. This was really a remarkable achievement, and proved conclusively that four years' experience of the Pool method of marketing had but slightly, if at all, diminished the faith of the farming community in the Pool. This is evident from the fact that the reduction in the number of contracts was more than covered by the increased acreage.

The price per bushel of wheat paid by the Pool, basis 1 Northern at Fort William, for the first four crop years was as follows: 1924-25, \$1.66; 1925-26, \$1.45; 1926-27, \$1.42; 1927-28, \$1.42¾.

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The following table shows the volume of shipments of each kind of grain through the Pool in each crop year:

Year	Wheat	Oats	Barley	Flax	Rye	Wheat Percentage of Crop 47.0%	Coarse Grains 28.0%
1924-25	50,251,181	6,659,646	2,569,071	1,353,617	783,820	56.0%	28.0%
1925-26	129,708,034	3,363,365	2,357,181	1,012,997	1,633,796	57.7%	25.4%
1926-27	119,488,976	4,506,766	1,883,056	1,144,631	2,391,310	56.0%	25.8%

It will be seen from the above figures that the percentage of grain, both wheat and coarse grains, delivered to the Pool, is considerably out of line with the percentage of the acreage under crop, and this was the case in each separate year. There would no doubt be many factors to account for this discrepancy. There were, for instance, quite a number of contracts that were inoperative for various reasons, such as the members giving up farming, leaving the country, or owing to the death of the contract signer. Further, the Board, in the Third Annual Report for the year 1926-27, stated they were satisfied that "by far the greater part of the apparent non-deliveries can be ascribed to the operation of crop shares, etc., deliverable by Pool members to mortgage companies, non-Pool vendors, purchasers and landlords," specific instances of the kind having come to their attention. Allowing for all this, however, it is evident that a considerable amount of grain must have been delivered outside the Pool in violation of the contract, apart from those which were detected and dealt with through the courts or otherwise. But these circumstances notwithstanding, there was a remarkable degree of loyalty shown by the general body of members throughout the whole period of the first contract, with which the above figures deal. Early in the period of the second contract, however, an economic depression set in which was destined to try the Pool and its members as by fire.

### DEPRESSION AND DROUGHT

In the summer of 1929 there appeared on the horizon a little cloud. At first "no bigger than a man's hand," it presently expanded until it covered the whole of the heavens and involved the entire civilised world, in an economic sense, in a storm of such magnitude as had never been experienced by any present living being; a storm, moreover, which was destined to shake the Western wheat pools, and with them the whole economic, financial and commercial world, to their very foundations. Owing to this circumstance, the fortunes of the three Western wheat pools and the Central Selling Agency were so interwoven that it will be necessary to refer briefly to matters outside the scope of the Saskatchewan Pool.

Up to that time the record of the pools had been one of unbounded success. From the inception of the pools in 1923, when the Alberta Pool was established, until the summer of 1929,

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more than a billion bushels of wheat had been handled by the Pools, and \$1,740,000,000 had been distributed among the members. They had built up an elevator system with a capacity of 95,000,000 bushels, and had succeeded in establishing a thriving export business. Altogether, the position of the pools seemed impregnable, and this in spite of an unexampled campaign of vilification, inuendo and misrepresentation by the organized grain trade, which had been carried on incessantly from the time of the organization of the pools, and even before. Through the press, over the radio, on the platform, in public and in secret, every possible means had been employed to bring to naught the organized effort of the farming community to run their own business in their own way.

On September 2nd and 3rd, 1929, conferences were arranged, at the request of the British Government, with the Rt. Hon. J. H. Thomas, Lord Privy Seal in the British Cabinet. These conferences were held in Winnipeg and had as their object the facilitating of the exchange of commodities between Britain and Canada. For some time previous to this statements had been made by the grain trade to the effect that the Central Selling Agency had refused to sell wheat at the prevailing prices, and was deliberately holding wheat off the market with a view to raising the price to the consumer. So persistently was this campaign carried on that it gained credence throughout the Dominion, and even in the West there was a very large body of opinion, generally favourable to the Pool, which accepted the statement almost as gospel truth.

No sooner had the conference above-mentioned assembled, than it became evident that Mr. Thomas had been impressed by the story. A full explanation of the situation was, however, made to him, and he expressed himself as quite satisfied that, on the contrary, the pools were anxious to dispose of their wheat, and were freely offering it at prevailing prices. A story of this character, of course, never loses in the telling, and so the opinion grew that the pools, through their supposed policy of withholding wheat from the market, were responsible for the breaking down of the proposed arrangements with Great Britain. The falsity of this charge was proved by a denial a few months later by Mr. Thomas, in an official interview sent to *The Canadian Press* through the British High Commissioner; and further, by the fact that in the year 1928, while the Pool handled 51 per cent of the total deliveries in Canada, the Pool carry-over was only 13½ per cent of the total carry-over for the Dominion. In 1929, again, the Pool handled 51.3 per cent of the total crop, and carried over only 41 per cent, against 59 per cent for the private trade. Each of these sets of figures are for an eleven-month period. Taking a full five-year period, from 1926-30, inclusive, the average Pool carry-over



was 14.9 per cent of its total handlings, while the Canadian carry-over for the same period averaged 25.7 per cent of the deliveries.

Referring to this subject at Regina, on Dec. 30th, 1930, Prime minister Bennett absolved the pools from all blame as to the Prime Minister Bennett absolved the pools from all blame as to the conditions which prevailed during the period in question. "No blame," he said, "for present conditions should be attached either to the wheat pools or the Western producers," and he emphasized this declaration by reading statements to show that the pools had the advice of the country's financial leaders behind them in their decision to hold the 1929 crop. "The attitude of the pools," he further declared, "was that taken by practically all the large private grain operators in Canada. I mention this," he stated, "because I find a tendency on the part of some Canadians to blame the Western producer for existing conditions, alleging that he should have sold his 1929 wheat crop before he did."

As a matter of fact, the comparatively small sales both of Pool and other wheat at that time were the forerunners of the great depression that even then was beginning to grip the world. For the depression, as we all know only too well, was not by any means confined to Canada. The United States, Great Britain, and many other countries were compelled to introduce remedial legislation to meet the emergency, and Germany, France and Italy introduced tariff measures to restrict importations of wheat for the benefit of their own producers, thus closing what had been regarded hitherto as important markets for Canadian grain. As a natural consequence, grain prices slumped to at least one-half of what they had been a year or so previously, and created the worst agricultural situation that Western Canada had ever known.

As a result of these conditions, difficulties arose in regard to the disposal of the 1928 and 1929 crops. In 1928 there was a huge crop of inferior wheat, and an uncertain market, so that the task of marketing was extremely difficult. This crop, owing to the increasing use of the combine and truck, the greater efficiency of the railroads, etc., was rushed to market at an unprecedented rate, notwithstanding the efforts of the board to induce producers to store the grain on the farm, and for which service the Board paid out considerably more than \$300,000 during the season. The pools were in control of more than half the wheat in the Dominion, and had this been thrown indiscriminately on the market, it would have forced the price below the cost of production. The pools, however, followed the policy of always offering wheat when there was an actual demand, either to foreign buyers or domestic mills, consistently throughout the crop season, and thus undoubtedly saved the agricultural community from disaster. They had been in a position to avoid liquidating their wheat on an unfavourable market, but, in order to do this, they had had to borrow heavily

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from the banks, who insisted that they should always maintain a margin of 15 per cent between the value of the wheat and the amount of credit advanced by the banks.

The situation was critical, and the pools found themselves quite unable to maintain the required margin, owing to rapidly declining markets, and the fact that they were carrying a large portion of the crop of 1928, on which payments amounting to \$1.18½ per bushel had been made. The bankers, therefore, became uneasy, and called on the pools to take some action to restore and maintain the margin. The situation was saved by the provincial governments stepping in and guaranteeing the margin. There was thus a double guarantee by the provincial governments, first on account of an overpayment on the crop of 1929, and secondly on account of the heavy borrowings by the pools from the banks. The total amount of the Saskatchewan guarantee, as stated by Hon. M. A. McPherson, at that time Attorney-General for the province, on the 1929 overpayment, was \$13,622,000.

Following the disposal of the 1928 crop, which was not completed until the summer of 1931, an effort was made to enable the final distribution to be effected prior to the harvest of that year. Owing, however, to the assumption of liability by the provincial government on the 1929 over-payment, the government insisted that where a grower had received an over-payment on this crop, such overpayment should be reduced by any surplus that might be due him from the crop of the previous year. Other circumstances also arose between the banks and the government, to meet which provincial legislation was necessary and this delayed the final distribution on the crop of 1928 until the summer of 1932. The amount of this final payment was one and one-eighth cents per bushel, which made a total for this crop of \$1.19⅞ per bushel.

An agreement entered into between the Pool and the government provided that in case it should become necessary for the government to make payment to the banks, the Pool would repay the amount over a period of twenty years. Security was given the government on the entire elevator system, and also a first mortgage on the head office building. Referring to this matter when speaking to the delegates at the annual meeting of 1931, the Attorney-General declared that "while the security might well be sufficient, it was of secondary importance compared with the principles of the Wheat Pool and the characters of the men behind it. It was on the latter that the government depended."

In spite of the tremendous difficulties with which the Pool had been faced for a period of approximately one and a half years, the membership, as a whole, remained remarkably loyal to the organization. The deliveries to the Pool in 1929 were 56.5 per cent of the total crop of the province, as compared with 55.4 per



cent in the previous year, and 56 per cent in the crop year of 1927. The Annual Report showed also a net increase of 2,626 contracts and 149,170 acres over the previous year. At the same time the financial position of the company was considerably improved, liabilities to the extent of \$1,300,000, due to the liquidators of the Saskatchewan Co-operative Elevator Company, Ltd., and the Provincial Government, having been written off. Depreciation Reserve had been increased by a similar amount, while \$600,-719.02 had been added to the operating reserve.

The continued interest of the members in the Pool is also shown by a net increase of twelve Wheat Pool Committees during the year, the Annual Report issued Nov. 11th, 1930, showing a total of 1,181 committees as being in existence as compared with 1,169 the previous year.

During the year radio broadcasts over Pool Station CJBR (Co-operation Justified By Results) were continued, and a Pool library was organized, and was fairly well patronized by members, while various contacts were made with young people up to the age of 21 years, through the issue of literature, the supply of seed for test plots, and the organization of Junior Grain Clubs, 45 of which were organized during the season.

## CHAPTER FOURTEEN

### FARMERS' ORGANIZATIONS UNITE AS THE U.F.C.

Once more we must turn back the pages of history to the year 1926, when the prophet again made his appearance to urge on the farming community the supreme importance to the fortunes of the Pool of complete unity of effort and aim. For, while the Saskatchewan Grain Growers' Association and the Farmers' Union had united their forces for the purpose of organizing the Pool, they still maintained their separate educational organizations, with the inevitable friction and ill-feeling that competition for membership was bound to perpetuate. Such a position, Sapiro clearly saw, could not but stand in the way of the progress of the Pool.

For some time previous to this visit negotiations had been going forward between the two organizations with a view to amalgamation. One by one the points of difference had been hammered out by the leaders and, in the month of July, conventions of the two bodies were to be held simultaneously in the City of Saskatoon, when the agreement was to be placed before the separate bodies of delegates, and eventually before a joint convention, for adoption, amendment or rejection as the case might be.

This joint convention was to be held on Thursday, July 15th, in the Third Avenue Church, Saskatoon, and it was on the eve of this historic and fateful gathering that the prophet came to

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deliver his message, under the chairmanship of Dr. W. C. Murray, the President of the University of Saskatchewan.

Preceded by a ceremony in which he was made the first Freeman of the city, Sapiro made a great plea for unity. In impassioned tones he said: "I am going to tell you that there is not any excuse in the world to warrant you not becoming one organization. You have got to! There is not anything that can justify further separation. There is not anything that can be as important as straight unity of co-operative purpose, and the creation of unity of organization to achieve that spirit and that purpose. I call on you to study your own success, and I tell you that the permanency of the success of co-operation depends on keeping the flame of the co-operative spirit burning, and that flame will burn only so long as each organization devotes itself to co-operative service, and they cannot do that if they stay apart. You are not going to do it unless you first unite all the forces. I want you to forget all difficulties. I want you to unite and become one great power, moving ahead with the co-operative spirit for the co-operative purpose of bringing to Saskatchewan the finest, the happiest, the noblest farm life that any part of this world offers to any farmers." It was a great appeal, and it largely answered the purpose for which it was intended, for, on the following day, Thursday, July 15th, 1926, the United Farmers of Canada, Saskatchewan Section Ltd., was born after great travail and excitement and searching of soul.

### A COMPULSORY POOL PROPOSED

Up to that time all the efforts and eloquence of the prophet had been directed to securing unity by voluntary efforts at agreement. The visit of 1926 was his final effort at persuasion. Hitherto he had held out the olive branch of peace. In the summer of 1927 he came again across the border, this time with a message which, in the language of scripture, was destined not to "bring peace upon the earth, but a sword."

Speaking at Crystal Beach on July 1st, 1927, Mr. Sapiro said: "I believe that when two-thirds of the acreage, or two-thirds of the growers in this province do what they have done it certainly means that the great body of agricultural workers in the province want co-operative marketing. When that has been demonstrated, I believe the Saskatchewan Legislature should pass a law providing that such membership and such contracts represent the overwhelming desire of the growers of this province and that, therefore, all growers alike should be compelled to deliver all grains to the Pool only, and that the Pool shall sell all of the grains produced in this province." He justified his attitude on this question on the ground that "It was a good Anglo-Saxon practice to let the majority rule, and therefore the co-operative movement should not be thwarted

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by those who did not have the vision and had not seen the light." He claimed that the compulsory pool idea was itself a British conception, the farmers of British South Africa having demanded legislation to establish a compulsory pool when their voluntary pool was wrecked by the grain trade, in case such pool was favoured by 75 per cent of the growers. That, he said, "was the practice of majority rule, which is carried out in all democratic countries." He would eliminate the outsiders, get their wheat in the Pool, and make them pay their portion of the cost. "I am for co-operative marketing without reservation, and without limitation, but, more important, I am for control of the commodity that the farmers raise by the farmers who raise it, and I am for the absolute elimination of even a part of that control by those who have a financial interest in breaking down your great pools. I am for co-operation as a means to an end. The end is the absolute control of your own wheat by the farmers who raise it, in whatever technical method they think is the best method of control."

Following the meeting at Crystal Beach, Sapiro spoke at several other points in the province, where he was not only very generous in his praise of what the farmers of Saskatchewan had already accomplished, but equally modest as to his own part in the work. On one of these occasions he declared: "You people in Saskatchewan have done bigger things than you realise, and when you give me the credit you are making a mistake. I have done nothing at all. All that I have done is to watch and admire what you have done. You will remember that the Lord told Moses to arise and go down to Pharaoh. Moses hesitated, and said: 'But, Lord, I can not speak!' And the Lord said: 'Then go, get thy brother, Aaron, for he can talk.' Perhaps my mother was prophetic when she named me Aaron. But you will remember it was Moses who led his people through the desert. The big man was Moses, the man who did the thing, not the man who merely talked; and so, I say to you, give the credit to your own men and women." Any picture of Sapiro would have been incomplete without a portrayal of this side of his complex character.

It was inevitable that a proposal of so far-reaching a character as compulsory pooling should have started a bitter controversy, as it was in direct conflict with Sapiro's own attitude on the occasion of his first visit to the province. In the Third Avenue Church, Saskatoon, at that time, it will be recalled, he declared: "Above all, do not let anybody handle a single bushel of wheat for a non-member." Then, he would refuse to have the wheat of a non-member in the Pool: now, he would take it in by compulsion. It was, indeed, a remarkable right-about-face.

In the following November the question came before the Pool delegates at their annual meeting. It was evident, however, that they were by no means ready to endorse the proposal. Rather,

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they felt that grave consideration must precede any definite action, and following a discussion of the question, they passed a resolution suggesting "that the United Farmers of Canada, Saskatchewan Section, as an educational organization representing Saskatchewan agriculturalists, use their educational facilities to obtain a thorough discussion of compulsory pooling throughout the province, so that such knowledge and conclusion obtained may be used as a guide to the desirability of the compulsory pooling system."

The question was accordingly brought before the U.F.C. Annual Convention in the month of February, 1928, when the following resolution was adopted by a small majority, the delegates being almost equally divided: "That we go on record as being in favour of having the provincial legislature enact a law which will make it compulsory for every wheat grower and farmer to market his or her wheat through the Wheat Pool when 75 per cent of the farmers in Saskatchewan sign the Wheat Pool contract."

Owing to the closeness of the vote the Executive of the U.F.C. did not consider themselves justified in taking a definite stand on the question. The controversy in the country, however, continued unabated in its intensity, and a resolution in the following terms was passed at the annual meeting of the pool in November, 1928: "Be it resolved that action be taken by the delegates to discuss and obtain from the growers before the June meeting an expression of opinion regarding the advisability of securing legislation to enable the growers to obtain full control of the marketing of all grain in the province of Saskatchewan; be it further resolved that we ask the closest co-operation of the United Farmers of Canada in this matter."

This resolution was apparently an expression of disappointment that the United Farmers had not acted on the request of the Annual Meeting of the previous year. It was also a decision that the Wheat Pool Delegates should themselves take action with a view to obtaining an expression of opinion from the members, prior to the next half-yearly meeting, and further called on the U.F.C. for the "closest co-operation" in the matter. All this was evidence that the movement in favour of a compulsory pool was gaining ground at a rapid rate.

If, however, the pool delegates were disappointed at the lack of action by the U.F.C., their disappointment was of short duration for, when the next annual convention of the U.F.C. was in session, in the month of February, 1929, a resolution was introduced which expressed the belief of the delegates that the increased prices secured for grain during the first Wheat Pool contract period were due to the partial control exercised by the Pool, and that only full control of the marketing of the crop could secure for the producer the full value of his product, and which further instructed the Board to inaugurate an educational pro-

gramme for the purpose of securing the support of farmers and the public generally for legislation that would cause all grain produced in the province to be marketed through the pool.

This resolution was strongly opposed by George F. Edwards, who was at that time head of the Research Department of the Association, and who introduced an amendment instructing the board to disseminate information on all phases of the question. The acceptance of this amendment would have meant that the association took a neutral attitude in the matter. The delegates, however, were far from neutral, and when the amendment was put to the vote it was overwhelmingly defeated, and the resolution was carried with only 15 dissentients out of a total of 585 delegates in attendance.

The course to be followed by the Board was, therefore, abundantly clear. The sequel, however, was somewhat startling. Within a very short time five officials of the association, including Mr. Edwards, and the Secretary, W. M. Thrasher, placed their resignations in the hands of the Board, Messrs. Edwards and Thrasher giving as one reason for their action that they could not conscientiously continue in office, as they were definitely opposed to the policy of compulsion. There were other reasons, also, for their action, but as these had no connection with the question of a compulsory pool, nothing further need be said here.

Active preparations were at once made to carry on propaganda in favour of the project. Week after week, articles strongly advocating a 100 per cent pool by legislation appeared on the association page in *The Western Producer*. Contact was also effected with government officials in other countries where compulsory pools were in existence, pamphlets were prepared and circulated by thousands, and meetings were held in all parts of the province at which the subject of compulsory versus voluntary pooling was thoroughly discussed.

## FINAL APPEARANCE OF THE PROPHET

In the month of June, 1929, for the fifth time, the prophet appeared, this time under the auspices of the United Farmers of Canada, to find the work of four years in the cause of unity in ruins at his feet. Indeed, it is not too much to say that the entire province was at this time a camp of warring factions. On one side the leaders of the U.F.C. and the more advanced of their members, assisted by Mr. Brouillette and one or two other members of the Pool Board, and on the other the President, Mr. McPhail, and a great majority of the members of the Pool Board; while the members of the Pool were apparently equally divided. It was, indeed, a startling denouement!

As showing the full extent of the division, it may be mentioned that at the semi-annual meeting of the Pool on June 18th,

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1929, no fewer than 66 resolutions on this subject were presented to the Resolutions Committee, which were stated by the chairman of the committee to be about equally divided for and against the proposal. Out of these there was formulated a resolution which was submitted to the meeting favouring a 100 per cent Pool, and an amendment favouring an educational campaign in an effort to secure legislation to control the minority of grain not signed up to the Pool, and requesting the government to "commission the Pool to market this grain so that speculation, manipulation and waste be eliminated in marketing all grain grown in Saskatchewan." The introduction of these propositions precipitated a debate which lasted for one and a half days, and which was on a high plane throughout. The vote taken at the close showed a substantial majority against both resolution and amendment.

Commenting on this result *The Western Producer* said: "It has been decided by the delegates to proceed along the lines which have already produced such sterling results. To carry on the agitation for compulsory pooling in the face of that decision would not, we believe, be in the best interests of the farmers of Saskatchewan at the present time." This declaration, however, had no effect on the United Farmers of Canada, who continued their campaign for 100 per cent control with unabated vigour. The chief proponents were the President and Vice-President, George H. Williams and A. J. Macauley, the Secretary, Frank Eliason and the Director of Publicity, George F. Stirling.

About this time a Royal Commission on Grain Marketing was appointed by the Provincial Government, consisting of Chief Justice J. T. Brown, Dean Rutherford of the Saskatchewan University, and J. A. Stoneman, a former president of the U.F.C. At the conclusion of their sittings it was stated in their report that several requests had been received by them that they should report in favour of a 100 per cent pool. While they had been diffident about the matter, they had decided to deal with it because it came within the scope of their reference.

They accordingly reviewed the achievements of the pool to date, the method proposed of gaining 100 per cent control, the position of the non-poolers under compulsion, and the various compulsory pool plans in force in other parts of the Empire, and in concluding their examination they said that in all the cases they had investigated there was government control or government representation, and that, in most cases, there was direct representation of the non-pooler on the board of his own choice, or in common with those in favour of the compulsory pooling system. The Commissioners considered it would be difficult to persuade the legislators that compulsory methods should be applied on a matter that was so closely and vitally related to the livelihood of a considerable portion of the community, unless all whose livelihood

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was affected by the legislation had representation on the governing board, or unless the government itself assumed some real control. They considered the scheme was beset with difficulties and dangers and therefore, it was one they could not recommend. They further expressed the opinion that the Pool members had "much reason for the exercise of patience and courage."

Speaking at Regina on September 19th, 1929, Mr. Sapiro said he took issue with many of the statements made in the report, although he did so with great respect, as he regarded the report as the work of kind, sincere men, who did not want the farmers to take a course hastily. He made it quite evident, however, that in his opinion persuasion had accomplished all it could, and that a 100 per cent legislative pool was the only way out.

Following this final visit of Mr. Sapiro, the demand for 100 per cent control gained still greater strength, and this eventually forced the opposition leaders out into the open.

## MR McPHAIL, PRESIDENT OF THE POOL AGAINST COMPULSION

Speaking at Elfros on October 12th, 1929, Mr. McPhail, the President of the Pool, said he had a great deal of sympathy with those who honestly advocated compulsory legislation, but declared frankly that he did not agree with their views. He did not believe he could allow his feeling of impatience with those who stayed outside the pool to drive him to do something which would change the whole foundation and structure and spirit of the organization. He believed such men could do more harm inside than outside the organization. He held that compulsion and co-operation were quite the opposite of each other in meaning and effect. "Could a co-operative organization live while trying to reconcile within itself two such utterly antagonistic principles?"

Mr. McPhail then went on to suggest that the advocates of 100 per cent control should continue to create such public sentiment as they could, and that the government, in the event of such compulsory legislation being enacted, set up an agency for the merchandising of non-pool wheat, thus lifting the whole question out of the Pool itself, and leaving the Pool to develop unhampered as a free, voluntary 100 per cent organization.

Mr. Williams, President of the U.F.C., immediately challenged his statements. While acknowledging that Mr. McPhail had been an honest, sincere worker in the interests of his fellow-farmers, he nevertheless took strong exception to Mr. McPhail's proposal, on the ground that a two-pool plan was impossible, and that they would consolidate the non-pool forces into an organization which would be in active and constant competition with the pool.

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Some time previously Mr. McPhail had appeared before the United States Senate Committee on Farm Relief, at Washington, and in a pamphlet under the title of "Facts About 100 Per Cent Control," the U.F.C. Publicity Department quoted from his evidence to show that his statements completely destroyed the argument that 100 Per Cent Control would not give the Pool any greater advantage than it already possessed. In making the quotations, however, certain portions were omitted which Mr. McPhail claimed would have given his statements a quite different complexion. He claimed that such omission had placed him in an unfair position, inasmuch as it made it appear that he was in favour of 100 Per Cent Control by legislation, which he certainly was not. He was in favour of 100 Per Cent Control, but not by compulsion. He wished the Pool to develop along voluntary lines. The U.F.C., on the other hand, denied that there had been any intention to be unfair, but had omitted the portions of Mr. McPhail's evidence which had been referred to merely for lack of space.

### VICTORY AND DEFEAT

The last phase of this long-drawn-out controversy was entered upon at the Semi-Annual Meeting of Pool delegates in the month of June, 1930, when the question of 100 Per Cent Control was once more introduced. The delegates on that occasion passed a resolution favouring the taking of a vote of contract signers on the question. They also laid down the following principles which should be adhered to in any grain marketing act that might be introduced in the Legislature, and put into effect in case the suggested vote was carried:

"(1) That all grain grown in the Province of Saskatchewan should be marketed through one pool;

"(2) That the grain pool to be provided for must be entirely under the control of the growers delivering grain;

"(3) That all producers of grain must have an equal voice in the control of the organization;

"(4) That before the proposed act would come into force it must receive a two-third majority of those voting in a special referendum of all grain growers in the province, to be conducted by the government."

Following the decision of the delegates, the board approved arrangements for the taking of a referendum of all contract signers, the question being submitted in the following form:

"Are you in favour of your directors asking the government to pass a Grain Marketing Act to provide that all grain grown in Saskatchewan must be marketed through one pool, provided,



"(a) That before the proposed act should come into force it must receive a two-third majority vote in a special referendum of all grain growers in the province, to be conducted by the government;

"(b) That the grain pool to be provided for must be entirely under the control of the growers delivering grain and, further, that all producers of grain, whether pool or non-pool, must have an equal voice in the control of the organization." By the end of the month of July 82,876 ballots had been mailed to members, of which 48,545, or 58.6 per cent were returned. Of these, 34,621 were in favour of the proposal, and 13,845 against. This gave a percentage of 71.4 of those voting as in favour of the proposal, and 28.6 against. The result therefore showed that around 41 per cent of the entire Pool membership was definitely in favour of placing the matter before the Provincial Government, and approximately 15 per cent definitely opposed. Of the remaining 44 per cent who took a neutral attitude, it may safely be assumed that at least one-half, or 22 per cent, would not have raised any objection to the proposal being carried into effect.

The Board considered the result so decisive that they adopted a resolution requesting the government, in view of the serious economic conditions, and the possibility of a still further decline in the price of wheat, to take whatever steps were necessary to enact legislation providing that all grain should be marketed through the Wheat Pool. On the proposal being presented, the government undertook to ascertain the views of their supporters, following which they announced that no action would be taken. Very shortly, however, the government realised that there was a genuine demand for action along this line, and on December 30th Premier Anderson announced that legislation would be introduced at the next session of the Legislature, providing for a special referendum of all grain growers in the province, to be taken some time during the year 1931.

The legislation in question consisted of two Bills, viz., "The Referendum Bill" and "The Grain Marketing Bill." The former, as its name implies, provided for the taking of a vote of all persons 21 years of age or over, who farmed 40 acres or more of land in the Province of Saskatchewan, either as owner, tenant or occupier, and anyone who had an interest in a farm, either as owner, former owner, or mortgagee and the wife or husband of any of the above. No one was to have more than one vote, whatever the number of farms owned by him. The vote was to be taken at the discretion of the government, the question to be submitted being: "Are you in favour of 100 Per Cent Compulsory Grain Pool as provided in the Grain Marketing Bill, 1931?" If two-thirds of those voting were in favour of the Grain Marketing Bill, the government would thereupon declare it to be law. Once

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it was enacted, the Grain Marketing Act could not be revoked for a period of three years, and then only if another vote was taken and a majority given against the 100 Per Cent Pool.

The Grain Marketing Bill provided that on the Act being put into force, the directors of the present pool must arrange for the election of delegates and directors in the same manner as in the case of the present pool. Those who were to be entitled to vote would be substantially the same as in the case of the Referendum Bill, except that wives or husbands would not have a vote. No one could be a delegate unless he or she was a British subject, nor could such delegate be eligible for the office of director unless first elected as a delegate for the particular sub-district in which he or she resided. The Bill covered all grains grown in Saskatchewan, except that required for seed, feed and food. Deductions to be allowed from payments were (1) the cost of running the Pool; (2) three per cent for any purpose that benefits the Pool, but not to pay any debts of the present Pool; and (3) a deduction of one cent per bushel to be used only for the purpose of building elevators. The Bill further provided that, while the 100 Per Cent Pool would take over all assets and liabilities of the present Pool, no deductions could be made from amounts due to growers to pay any debts of the present pool. It also provided for the cancellation of all present Pool contracts immediately the Act came into force, for the making of payments to growers and, generally, for the carrying on of business in the same manner as in the present pool. The grain of growers might be handled by any elevator company, but a full record of all grain handlings was to be kept, and such records must be open for inspection by pool officials at any time. Penalties were provided for delivery outside the Pool, and also for anyone who knowingly induced any grower to sell outside the Pool.

### OPPONENTS MOVED TO IMMEDIATE ACTION

The decision of the government to introduce this legislation aroused those opposed to a legislative pool to immediate action and, on January 26th, 1931, a deputation of sixteen farmers presented a Memorandum to the Government in opposition to the proposal. The grounds of their opposition, as stated in the Memorandum were that (1) it would be a restraint of both inter-provincial and international trade; (2) it would be an untried kind of organization, and one mistake in judgment would affect the whole West; (3) in these times keen competition in marketing was requisite; (4) it was too risky to turn over the whole crop to one organization; (5) it would infringe on the personal rights of those who did not want to join the Pool; (6) the government had enough problems without going into the complicated business of handling grain; (7) it would cost a huge sum of money to take



over storage facilities and elevators to handle the grain; (8) the confidence of the British buyers was already partially destroyed, and a compulsory pool would further antagonize them; (9) it should first be endorsed by two-thirds of those entitled to vote, rather than two-thirds of those who actually voted.

Questions put to the Government in the Memorandum showed that those signing it were entirely opposed to the co-operative principles of "one man one vote" and "one vote one value," as apparently they favoured a company owning, say, 20 or more farms in different parts of the province having a vote at each local point, and also favoured a wide-open vote, on the ground that all were dependent on agriculture for a livelihood. Lastly, they urged that a 100 Per Cent Pool should be a natural growth, developing from a successful organization.

Those who signed the Memorandum included R. A. Wright, of Drinkwater, who a few days later became President of The Association Opposing Compulsory Pool; John R. Green, of Moose Jaw, brother of Fred W. Green, who was the first to suggest a compulsory pool in Saskatchewan; W. J. Orchard, of Tregarva, a former member of the Board of the Co-operative Elevator Company, and of the Saskatchewan Grain Growers' Association, and Ira B. Cushing, of Riceton, who also was a former director of the S.G.G.A.

In replying to the statements made in the Memorandum from a legal point of view, Mr. R. Milliken, the legal adviser to the Pool, pointed out that it was not usual in this country to refer questions direct to the people; and because of the great importance of the question to the people of the province, the Wheat Pool Board believed that the government would be justified in passing the legislation without its being referred to any section of the people. He referred to the Wheat Board of 1919-20 as an instance where legislation for the control of the entire crop of the country was passed without reference to the people. Moreover, in other countries in the Empire where similar pools to that proposed were in operation, the voting was confined exclusively to producers. Yet, notwithstanding these considerations, the Board requested the Government not to put any such legislation into effect without its being first referred to the people.

Again, he argued, was not the principle of compulsion applied to every phase of human activity, just as soon as it became apparent that the community as a whole would benefit by restricting the personal liberty of the individual?

Further, practically every wheat growing country in the world was recognizing that the present marketing system could not solve their difficulties, and they were therefore endeavouring to

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assist their farmers by some measure of controlled selling and financial system, while all that the Saskatchewan farmer was asking for was a chance to help himself.

On February 16th, 1931, a case was decided in the Supreme Court of Canada which had a most important bearing on the proposed Saskatchewan legislation. A Produce Marketing Act had been passed by the British Columbia Legislature some considerable time previous to this date and, in August, 1929, action had been commenced in the courts to have the Act declared ultra vires, and also asking that the Interior Tree, Fruit and Vegetable Committee of Direction be restrained from collecting license fees, and also restricting them from interfering with growers in the marketing of their crops. The action was dismissed by Mr. Justice Murphy of the Supreme Court of British Columbia in March, 1930, and also by the Court of Appeal of that Province. The latter Court, however, granted leave to appeal to the Supreme Court of Canada, which declared the Act ultra vires in February 16th, 1931, as referred to above.

Notwithstanding this decision, however, notice of motion was given the same day in the Saskatchewan Legislature by R. J. Greaves, member for the Melfort Constituency, to introduce the Referendum and Grain Marketing Bills, and the measures were to be debated on the following Thursday, February 19th.

### A MASS DELEGATION URGES LEGISLATION

On that day one of the most remarkable demonstrations ever held in the history of Saskatchewan took place, when 1,500 farmers from all parts of the province took possession of the City Hall, Regina, to urge the passage of the Compulsory Pool measures at that day's session of the Legislature.

The idea originated in the Southey district, wires being despatched to all parts of the province urging farmers to attend the demonstration. C. C. Davies of North Battleford, former member of the Federal House for the Battleford Constituency, was elected Chairman, and resolutions were adopted urging the Legislature to pass the necessary legislation to enable the referendum to take place, and to enable the marketing organization to be set up in case the referendum favoured this course. A resolution was also adopted urging that farm women should be allowed to vote on the question. Considerable criticism was directed against the press for "trying to lead the non-Pool farmers to think that they will have to take care of the Pool losses of 1929," and stress was laid on the necessity of impressing on the Legislature that the legislation must be treated strictly on non-party lines. This was due to the fact that the Leader of the Opposition, Hon. J. G. Gardiner, had criticised the government for deciding to have the measure introduced as a private bill.

Just before adjournment a delegate proposed that they should form a procession and march to the Legislative Building in one body to interview the government, but this proposal was rejected. Nevertheless, more than one thousand farmers formed the delegation which met the Legislature to press for the support of the members, and no doubt the size and strength of the delegation would impress the members, if that were needed, with the widespread demand for the Compulsory Pool.

The delegation arrived at the Legislative Buildings at 1 p.m. and the delegates were ushered into the galleries, including even the Press Gallery, and surged along the rail surrounding the Chamber. All the members were in their places, and Premier Anderson, in welcoming them, indicated that he knew the object of their visit, and expressed a desire that the question should be kept out of party politics.

This object was fully achieved, as the motion was moved by R. J. Greaves, Conservative member for Melfort Constituency, and seconded by R. J. M. Parker, Liberal member for Pelly. On being put to the vote the motion carried by 46 votes to 5, those voting against being Jas. Grassick, Regina; H. A. Lilly, Thunder Creek, and W. C. Bennett, all Conservatives; and A. J. Marion, Ile a la Crosse and Anton Huck, South Qu'Appelle, Liberals.

On the introduction of the bills in the House, Hon. M. A. MacPherson, the Attorney-General, discussed the legal aspect of the legislation, and expressed a doubt as to its validity in face of the decision in the case of the B.C. legislation. He stated, however, that the intention in presenting the legislation was to secure a decision on the point at the earliest possible moment.

When the bill came before the legislature for third reading, and just as Jacob Benson, Progressive member for Last Mountain, who was sponsor for the Bill, was uttering the final word "Carried," James Cobban, of Elrose, moved an amendment which would have given producers the right to decide how their grain was to be disposed of. The amendment, however, was not accepted, as it would have defeated the whole purpose of the bill, and the Grain Marketing Act and Referendum Act received their third reading and passed the Legislature on March 10th, 1931.

## COMPULSION MEETS BITTER OPPOSITION

Nine days later, on March 19th, there was formed an organization which was destined eventually to accomplish the undoing of all the efforts that had been made to place the Grain Marketing Act on the statute book of the province. A temporary organization had previously been formed, under the name of "The Association Opposing Compulsory Pool," and the following had been appointed provisional officers: President, R. A. Wright, Drinkwater; Vice-President, John R. Green, Moose Jaw; Secre-

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tary, Edgar H. Petersmeyer, Regina. The meeting to which we alluded, which assembled 700 strong, formed a permanent organization to fight the 100 per cent compulsory principle, and confirmed the officers previously appointed in their offices, and also elected sixteen directors, one for each of the Pool districts. Resolutions were also passed requesting the Provincial Government to conduct a searching inquiry into all the operations of the Pool since its inception, the same request to be made to the Federal Government in case the Provincial Government declined to act, and also requesting the Federal Government to decline to pass enabling legislation.

The bitter feelings aroused by the passing of the Grain Marketing Act were evident from an interview by the press with Mr. Wright, following the organization meeting mentioned above, who declared that "resistance by every lawful means to the legislation . . . providing for the compulsory marketing of grain through one channel, is the policy of the Association Opposing Compulsory Pool." The members of the association, he said, "consider the legislation unjust, and unreasonable, derogatory to the best agricultural interests of the province, and un-British in content and principle, thus being repulsive to Britishers." This, notwithstanding the fact pointed out by Mr. Sapiro himself, that the principle had its origin in a British dominion.

The battle was now joined. Speakers were sent to all the chief centres in the province, large audiences gathering at all points, audiences which were, in most cases, strongly hostile to the speakers and their mission. So great was the opposition, indeed, that at several points the promoters of the meetings did not venture to introduce resolutions in opposition to the legislation, as they would have been courting inevitable defeat.

On April 2nd, 1931, the United Farmers of Canada published in *The Western Producer* a history of "The Struggle for Grower Control," pointing out how every advance by the farming community had been the result of bitter struggle, in which many of those now opposed to the compulsory principle had taken a prominent part. Concluding this recital, and under the heading "Fighting for a Shibboleth," the association charged the leaders in the movement against the 100 Per Cent Pool with drawing a red herring across the trail by the constant use of the word "compulsion," while they themselves had given their consent to legislation which was more truly compulsory than that in question, such as laws governing public health, education, etc., which were made compulsory without any referendum such as that proposed in connection with the Grain Marketing Act. In concluding, the article declared: "We can only express our amazement that these men should be prepared to throw away the results of forty years or more of agitation and organization and struggle, in which they

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themselves have taken a prominent part, for the sake of what is, after all, only a shibboleth, the myth of 'compulsion'."

A few days later, a statement was issued by Mr. McPhail, President of the Wheat Pool, in which, notwithstanding that he had strongly opposed the proposition when first put forward, he now declared: "Personally I am absolutely in favour of the proposal as contained in the Grain Marketing Act, as it will place Canadian wheat producers in a position to effectively co-operate with similar control bodies in other wheat exporting countries, in order to dispose of world wheat surpluses on a rational basis." "The whole world," he said, "in connection with all commodities, is undoubtedly moving steadily, and in some cases very rapidly, in the direction of national and international control." Considering Mr. McPhail's former attitude towards 100 Per Cent Control, this was truly a remarkable declaration.

During the course of the controversy two of the leading opponents made proposals for a so-called compromise, but which, if accepted, would have undermined the whole structure of the Act. R. M. Johnson, of Pasqua, a former director of the Saskatchewan Co-operative Elevator Company and the Saskatchewan Grain Growers' Association, made the suggestion that a clause be inserted in the Act permitting objectors to stay outside its operation, as in the case of the Municipal Hail Insurance Act. The two acts were, however, entirely different in their intent and purpose. The Municipal Hail Insurance Act was passed mainly to enable the farmer to obtain cheaper protection for his crops. The Grain Marketing Act, on the other hand, was intended to abolish the present marketing system, with all its evils, and to substitute for it a plan under which the entire proceeds of the crop should go to those who produced it. The former was permissive; the latter all-embracing, and obligatory. The former was intended to give a choice of methods; the latter contemplated one method and one authority only.

The proposal put forward by Mr. Wright was so to amend the Act that any grower might demand the cash price for his wheat at the time of delivery. This, again, would have defeated the purpose of the Act, and would at the same time have accentuated and encouraged the gambling instinct which it was one of the purposes of the Act to destroy, by causing farmers to withhold their grain when prices were low, in the hope that they might be able on some future date to secure larger returns, a hope which might easily have proved vain. Both these propositions were of such a character as to render their acceptance hopeless. Mr. Wright's proposal, in fact, was but a repetition of a proposal which had already been rejected by the Legislature while the measure was before the House.

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The Association Opposing Compulsory Pool lost no time in taking action after the Grain Marketing Act had passed the Legislature. The matter was brought before the Saskatchewan Court of Appeal early in the month of April, when the full extent of the opposition was disclosed. Once more the Pool had to fight the organized grain trade as represented by the Winnipeg Grain Exchange, as well as the Association Opposing Compulsory Pool and an organization calling itself the Anti-Coercion League.

Representing the Grain Exchange were Isaac Pitblado, K.C., of Winnipeg, and C. E. Gregory, K.C., of Regina, a former legal adviser of the Saskatchewan Grain Growers' Association; J. A. Cross, K.C., and R. H. Gordon, K.C., representing the Association Opposing Compulsory Pool; and Bram Thompson, K.C., counsel for the Anti-Coercion League. Representatives of the Pool were O. M. Biggar, K.C., of Ottawa and R. H. Milliken, K.C., of Regina, while J. A. M. Patrick, K.C., of Yorkton acted for the government.

The judges were Justice W. F. A. Turgeon, presiding, with Justices MacKay, Mackenzie and Martin.

Argument on the case lasted for three days, concluding on Saturday afternoon, April 11th, 1931, judgment being reserved.

### LEGISLATION FOUND ULTRA VIRES

The decision was not long delayed, however, a separate written judgment being handed down by each of the four judges on Monday, April 27th. The judges were unanimous in finding that the Grain Marketing Act was beyond the powers of the Saskatchewan Legislature to enact, as it interfered directly with the prerogative of the Dominion Parliament under the British North America Act.

The judgment was no sooner given than Mr. McPhail announced that the Saskatchewan Wheat Pool would "not cease its efforts to secure the necessary power for complete grower control."

In accordance with this statement, application was made early in the month of May, by R. H. Milliken, K.C., to the Saskatchewan Court of Appeal, on behalf of the Pool, for leave to appeal to the Privy Council direct, against the decision of the Appeal Court judges.

It would have been thought that the leaders of the opposition movement, having invoked the law, would have been content to stay within the law; but that was not the case. On May 28th, a petition was presented to the provincial government by six men, three of whom were members of the Pool, one a real estate agent at Milstone, and the remaining two officials of the Association Opposing Compulsory Pool. It was stated in the press that the petition was signed by "several hundred Pool members." Immediate investigation of this claim was made by Pool officials, and it



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was found, in the words of Hon. M. A. MacPherson, the Attorney-General of the province, that the number was "somewhere less than fifty."

The petition urged the government to take immediate steps to dissolve the Wheat Pool; to create a commission of "thoroughly qualified grain men" to manage the pool elevator system, or to create an organization similar to the former Saskatchewan Co-operative Elevator Company, profits in either case to be distributed in the form of a patronage dividend. Further, the petition asked that the government would restrain Pool officials from using the funds of the organization to carry the case to the Privy Council. The petition also made it perfectly clear that the real object of the Association Opposing Compulsory Pool was to destroy the Pool, and re-establish the Co-operative Elevator Company on a dividend-paying basis, a principle to which the directors of the former company had been bitterly opposed throughout its career, and the absence of which had been its downfall. It was also significant that the Association Opposing Compulsory Pool had chosen to fight the proposed 100 Per Cent Pool through the courts rather than at the ballot box.

While the government, through Hon. M. A. MacPherson, promised to give consideration to the terms of the petition, it is evident that they were not in sympathy with the requests, as they declined to take action in the matter.

Some time previous to these events the Pool had taken action against W. A. Scott, of Salvador, a member of the Pool, for violation of contract, and when the Pool made application for leave to appeal to the Privy Council in respect to the Grain Marketing Act, Scott turned the tables on the Pool by applying, through C. E. Gregory, K.C., for an injunction to restrain the Pool from taking further action in this regard.

In delivering judgment, Mr. Justice Embury held that the effect of the Grain Marketing Act was to end the present Pool, and that it had never been shown that a majority of the members of the Pool wanted such legislation. He held that the directors had no right to use any of the funds of the Pool in an attempt to create a new company, which would result in destroying the present Pool. He therefore granted an interim injunction restraining the Pool from expending any funds to carry on an appeal to the Privy Council, and also from using its funds for the purpose of a campaign or propaganda of any kind in support of a 100 Per Cent Pool pending the hearing of the case involving a permanent injunction.

While, however, the injunction effectually prevented the Wheat Pool from carrying on the campaign for 100 Per Cent Control, the decision did not in any way affect the United Farmers of Canada, which organization carried on the campaign alone until the month of June, 1931, and two days after the injunction

was granted, a meeting of 300 farmers and representatives of organized labour, called by the United Farmers of Canada at Regina, passed a resolution demanding that the provincial government ask the federal government for enabling legislation to make the Grain Marketing Act operative and, failing this, that the provincial government finance the cost of carrying the appeal to the Privy Council. Once more, however, the provincial government declined to be drawn into the controversy, Hon. M. A. MacPherson announcing that no appeal as to the validity of the Saskatchewan Grain Marketing Act, 1931, would be undertaken by the provincial government.

## CHAPTER FIFTEEN

### AT GRIPS WITH THE PRICE PROBLEM

Difficult as the situation had been for the people of the province, as well as the Pool itself, during the past year, the year 1931 was destined to be more trying still. This was due to several conditions, such as the low price of wheat and other commodities, a disastrous crop failure, owing to drought, for the second year in succession in the southern portion of the province, the successive reductions by the Pool in the initial payment, due to the constantly falling prices on the market, delays in threshing and the reduction of grades, due to an early snowfall, and losses from hail, caused by the fact that a large number of farmers had been unable to secure the usual protection. All these circumstances combined to make the winter of 1930-31, in an economic sense, probably the worst that Saskatchewan had ever experienced. In every part of the province there was the greatest destitution, and it was evident that extensive relief work would have to be undertaken.

Ordinarily this work would have been done entirely by the Red Cross Society, but it was found that the resources of that organization would be taxed to the utmost to deal adequately with the enormous drought-stricken area in the south. It was therefore agreed that the Red Cross should confine its attention to the rural sections in the south, while the United Farmers of Canada undertook the work in the northern part of the province, with the financial assistance of the Wheat Pool, which agreed to pay all overhead expenses, such as freight and express charges, salaries, etc. The U.F.C. was, however, itself in a precarious position through lack of finances, and having no funds to purchase clothing for distribution, the work was delayed until the association was able through its publicity in *The Western Producer* and in the local press, to secure contributions from the public. It was ultimately found necessary to turn over much of the work of distribution to the Wheat Pool staff at Regina.

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Beginning in the middle of November, 1930, the work was continued without interruption until the end of January, 1931. A magnificent response to appeals for help was made by the public, both in Western and Eastern Canada, and when the work was suspended it was found that a total of around 1,000 families, comprising approximately 5,000 persons, had been supplied with clothing, the work being about equally divided by the U.F.C. and the Wheat Pool. The work was carried on on behalf of the Pool by a number of the employees, who organized a fund under the name of The Wheat Pool Rural Relief Fund, to which they gave the most enthusiastic support.

Owing to the continual decline in the price of wheat, a demand arose for a guaranteed minimum, and the premiers of the three prairie provinces laid a proposal before the Federal Government for a guaranteed minimum price of 70c per bushel, basis 1 Northern Fort William. Commenting on this proposal, Wheat Pool officials, while recognizing that it would not pay the cost of production, regarded the proposal with favour, as it would at least stabilize the market by halting the downward tendency of prices, and would put the nation on the way back to improved conditions. The United Farmers of Canada, on the other hand, pressed for a minimum of \$1 f.o.b. shipping point, on the ground that if agriculture was to survive it was absolutely necessary to cover the cost of production.

At the same time extraordinary measures had been taken by European nations to protect their wheat growers, which made it more difficult to dispose of the Canadian crop. As a means of combatting these policies, securing the liquidation of the Canadian surplus, and leaving out of consideration for the time being the cost of production, the 70c minimum would undoubtedly have been the more immediately effective, but whether it would have been the best policy for the ultimate good of the country is open to question. However, this aside, Premier Bennett declined to have anything to do with price fixing at either or any level.

About this time a recrudescence of the campaign against the pool movement became evident. Wild rumours, apparently emanating from Ottawa, were circulated, hinting at the possible liquidation of the Central Selling Agency, in an attempt, evidently, to destroy the confidence of the members of the three Western pools in their leaders.

Commenting on these rumours, J. H. Wesson, a director of the Central Selling Agency and of the Saskatchewan Wheat Pool, said: "The one thing required above all others at the present time is a measure of confidence in the country; and yet there appear to be men who, in their insane desire to wreck co-operative effort, and shake the confidence of the members of the principal

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co-operative marketing enterprise in Canada, are prepared to risk smashing the whole Canadian economic structure."

Just about this time, also, *The Grain Trade News* published a series of articles, which were later issued by them in book form under the title of "Canada and Her Wheat Pool," by Sydney S. Gampell, which was in reality a most unfair attack on the Pool. Among other things Mr. Gampell attacked Pool officials for their efforts to secure price stabilization, to which they replied that stability had been the great need of agriculture for centuries, and that the grain trade did not supply it. He charged further that by their policy they had been responsible for dire international complications, owing to the imposition of high tariffs against Canadian grain, and to substantial increases in acreage in Germany, Australia and Argentina. This, the Pool had no difficulty in showing, was due to other causes. He also charged that the Pool had attempted to control world prices of wheat, an argument which the Pool officials declared "fell flat" because the control sought by Western farmers had been control of their own wheat on its way to market, rather than control of world prices.

The articles originally had been presented in lecture form by Mr. Gampell at the City of London College, London, Eng. on October 22nd, 1930, and they so admirably served the purpose of the grain trade that *The Grain Trade News* was willing not only to publish them in that paper, but also to assume the expense of separate publication, and to spread the book broadcast throughout Western Canada, not overlooking even the schools of the Western provinces. When the matter came to the attention of Premier Anderson he expressed himself very strongly on the distribution of anti-Pool propaganda in the schools of the province. That the grain trade was willing to undertake this great expenditure is sufficient indication of the intense hatred that the members of the trade cherished towards the Pool.

### JOHN I. McFARLAND BECOMES POOL MANAGER

On November 28th, 1930, Mr. McPhail announced the appointment of John I. McFarland, of Calgary, as general manager of the Central Selling Agency, which, it was stated, he had accepted as a public responsibility, and without salary, in what he considered was a national emergency.

One of the first acts of Mr. McFarland, to the consternation of Wheat Pool officials, was to close the Pool offices in London and Paris, and to discontinue sales in those countries through direct representatives, which many held had militated against the sale of the Canadian crop.

According to a statement issued at this time by Mr. R. J. Moffatt, the Managing Director of the Saskatchewan Pool, this opinion had been held by Mr. McFarland himself for some time.

His action, therefore, in closing these offices should demonstrate whether there was any truth in this contention. Mr. McFarland pointed out, however, that they were "ready and willing to use every established facility" to sell their wheat "at a fair price as compared with that of other producing countries, and to transact business with whomsoever and wherever we can secure the best price, and thus remove all prejudice." He insisted that governments and farming organizations should take every step to urge acreage reduction upon other countries and at home. He declared emphatically that "It must be done." At a later date the offices in Eastern Canada and New York were closed, the sales being made through the Winnipeg Grain Exchange and other markets.

The appointment of Mr. McFarland was understood to be due to the insistence of the lending banks that a manager acceptable to them should be engaged; and it was arranged that he was to confine his attention to the sale of the 1929 and 1930 crops, the provincial pools themselves to dispose of the crop of 1931.

In announcing these changes in their Seventh Annual Report, the Directors of the Saskatchewan Wheat Pool paid tribute to Premier Bennett and the three Western premiers for their services in enabling the grain to be marketed in the best interests of the members, and in helping to stabilize prices for the benefit of the producers and the country as a whole.

On December 22nd Premier Bennett announced that arrangements had been concluded that ensured the orderly marketing of the 1930 wheat crop, but declined to say at that time by what method this was to be accomplished. Speaking at Regina, however, on December 30th, he stated that forced liquidation would be prevented by the "extension of credit facilities and by other means." He further stated that action was being taken to develop wider markets, but that no steps had been taken, or would be taken, to fix the price of wheat, as that rested with the provinces; also "it would be unwise to fix a price in excess of the world price, because Canada, unlike the United States, could not hope to absorb her surplus wheat by domestic consumption."

## ROME AND LONDON WHEAT CONFERENCES

In the month of March, 1931, a world's wheat marketing conference was held at Rome to discuss the international problems arising as a result of economic conditions, and the glut of wheat in the markets of the world. At this conference the Wheat Pool was represented by George W. Robertson, the Secretary, and D. L. Smith, London representative of the Central Selling Agency, whilst George H. Williams, ex-President of the U.F.C., attended as a representative of the farmers of Western Canada. It had been hoped that this conference would have been able to establish an international organization to dispose of the world's crops in an

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orderly manner, with each nation's producers in full control of their own product. The only thing accomplished, however, was that Canada, Australia, Argentine and Russia accepted the principle of an international agreement on marketing, a further conference being agreed upon, to be held in London, England, on May 18th.

Just prior to the London conference the premiers of the three prairie provinces, together with representatives of the Saskatchewan Wheat Pool, the U.F.C., the United Farmers of Alberta and Manitoba and of the Association Opposing Compulsory Pool, gathered at Saskatoon to consider the wheat situation. They expressed the hope that some satisfactory conclusions might be reached at the London conference, which would eliminate competition between exporting countries in the marketing of the crop of 1931. The opinion was expressed that if the establishment of a Dominion wheat board was necessary to implement any agreements arrived at by the conference, such action would meet with general approval in Western Canada. A suggestion was also made that unless there was strong evidence within that month (May, 1931,) of a considerable increase in price levels, the Dominion government should consider the establishment of a Dominion Wheat Board, with provision for the largest possible initial payment, so as to put additional purchasing power into the hands of the people. At this time the price of wheat was 62  $\frac{1}{4}$  cents, basis 1 Northern at Fort William. It may be as well to point out here that in agreeing to the suggested wheat board, which must necessarily be compulsory, the representatives of the Association Opposing Compulsory Pool again demonstrated their inconsistency.

While this course was agreed to by Mr. Macauley, the President of the U.F.C., that association regarded it as merely a temporary measure to tide over present difficulties. The association, further, re-affirmed its position with regard to 100 Per Cent Control, and expressed the hope that an inter-provincial co-operative marketing system might be evolved as a result of the London conference. This would necessitate local control by the growers themselves, and also some form of national control. These steps were regarded as essential if wheat growing was to be put on a paying basis. The increase of price levels which was hoped for, however, did not materialise, neither did the federal government take any action looking to the establishment of a Dominion Wheat Board, as requested.

The hope for any substantial result from the London conference, moreover, was doomed to disappointment, as, before entering the conference the United States assumed an attitude which rendered the adoption of a satisfactory marketing scheme practically hopeless, by requiring those nations participating to agree to a limitation of acreage as a preliminary condition. As a result, the only thing achieved was to form a committee to

formulate "a definite proposal for the establishment of a clearing-house of information to serve wheat exporting countries," and "to explore all possible avenues for the greater utilization of this important cereal." The most that could be said for the conference, therefore, was that it had not slammed the door against any efforts that might be made in the future to evolve a satisfactory marketing scheme.

In the meantime, in desperation at the general trend of affairs, an agitation arose for the adoption of a policy of optional open market selling. This movement originated, apparently, with the directors of the Manitoba Pool, and was later adopted by the pools of each of the three provinces.

The precarious position of thousands of Western Canadian farmers at this time was strikingly shown by statistics carefully compiled by the Statistical Department of the Central Selling Agency at Winnipeg. These figures showed that whereas in the year 1925 it took 224 bushels of No. 1 Northern wheat to pay the annual interest charges amounting to \$300 on a farmer's indebtedness—freight and handling charges being deducted—no less than 620 bushels were required in the year 1930. Again, whereas in the period 1925-28 transportation costs took one bushel out of every five, this in effect doubling the cost, while the index of grain prices fluctuated over a range of nearly 30 points in three years, and dropped from 90.18 in the month of January, 1930, to 39.1 at the close of the same year. Thus the farmers were faced with the problem of meeting long term obligations in terms of a product which was then worth only from one-half to one-third of its value at the time the obligations were incurred.

## ROYAL COMMISSION ON FUTURES TRADING

In the spring of 1931 a Royal Commission, of which an eminent British economist, Sir Josiah Stamp, was chairman, was enquiring into the question of dealing in futures. Mr. McPhail, as President of the Central Selling Agency, appeared before the commission at Winnipeg, and placed before it the views of the members of the Western pools, in which he endeavoured to show that the facilities of the futures market provided "very useful protection" to the grain, milling and banking interests, but that it did not provide that same security to the grain producers, who formed "the all-important group in the picture."

After a whirlwind series of sittings in Winnipeg, Regina, Calgary, Minneapolis and Chicago, the whole being brought to a conclusion, and the report written and signed within a period of two weeks, the Commission recommended the retention of futures trading as the best method of giving security to the position of the producer, but believed that public confidence in grain trading would

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be increased and suspicion on the part of producers abated if a degree of government supervision were employed.

When, however, the report was presented, it was found to contain a chart, given as Appendix XII, and entitled "Open Market 3 Northern Cash Prices vs. Saskatchewan Pool 3 Northern Net Payment Basis Fort William," in which an attempt was made to prove that producers of 3 Northern wheat, over a period of years, had received a lower price from the Pool than from the private grain trade. This had previously been prepared anonymously as anti-Pool propaganda and distributed widely throughout Western Canada.

This chart had no bearing whatever on the subject of the enquiry, and Sir Josiah Stamp had consistently declined to admit that any controversy as to Pool or non-Pool prices came within the scope of the enquiry. How, therefore, this particular chart came to be included in the Report was a mystery. Chief Justice Brown, of Regina, who was a member of the Commission, while declining to comment publicly on the matter, evidently did not approve of its inclusion, as he stated to the press that anything he had to say with regard to it had already been said in letters and telegrams to Ottawa.

When questioned about the matter in the House of Commons, Premier Bennett stated that he understood that the Appendix had been filed with the Commission as an exhibit, and that it was to be included in the Report, but that the note dealing with the question of Pool and non-Pool prices, which appeared beneath the chart, and which drew inferences which might or might not have been warranted had, he thought, been put there by the Grain Exchange in connection with certain propaganda, and should not have been there.

The Central Selling Agency took strong exception to it on the ground that it contained a number of glaring fallacies, and made unfair comparisons and that, contrary to the showing in the chart, the Pool, in four of the six years with which it dealt, had paid substantially higher prices than the private grain trade. In one year, 1928-29, the Pool paid the same for 3 Northern as the private trade, and for many other grades more, and that only in one year of the six, viz., 1929-30, "in the middle of a world cataclysm, as a result of a wild orgy of speculation, the non-pool farmers who sold their wheat as delivered and did not speculate in futures, got substantially more than the Pool farmers."

It was evident that this matter could not be allowed to go without some explanation, and the question was brought up in the House of Commons at Ottawa by E. J. Garland, M.P., and others. Mr. Garland declared that he had had the appendix subjected to a thorough analysis, that it had been found to contain no less than nine statistical errors, and that if Mr. Sanford Evans, who



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represented the grain trade on the Commission, had been responsible for it, he could "never again raise his head as an economist."

The Minister of trade and Commerce Hon. H. H. Stevens, in replying, absolutely repudiated the appendix. He declared that, in his opinion, Mr. Sanford Evans had not dealt fairly by the pools in not allowing pool prices to include the elevator and other deductions, and stated that Sir Josiah Stamp could not have been responsible for the insertion, as the Report had not been printed at the time he left New York for England. He therefore considered it a fair assumption that the chart had been prepared, filed with the Commission, and inserted "by Mr. Sanford Evans, and by no one else." However, Mr. Isaac Pitblado, K.C., who acted as counsel for the grain trade before the Commission, eventually wired the Government assuming full responsibility for the matter, and the appendix was later deleted from the Report by the Government, with the concurrence of the Commission.

On July 7th, 1931, the delegates to the Semi-Annual Meeting of the Wheat Pool assembled and, following discussion of the situation, passed two resolutions with respect to a grain marketing board. The first stated that "the present serious economic conditions warrant the establishment of a national marketing board as the best possible means of maintaining a reasonably uniform price level during the coming season," and urged that the Federal Government "take immediate action to bring about the formation of a marketing board with power to control the marketing of the 1931-32 crop."

The second urged as an alternative that the three prairie governments "take steps to set up an inter-provincial marketing organization, for the purpose of handling the crop of the three prairie provinces, with enabling legislation and support from the federal government."

The premiers presented the request for a wheat board to the federal government, as decided upon at the Saskatoon meeting, but the request was turned down by Prime Minister Bennett, who suggested an inter-provincial body similar to that decided upon by the Pool delegates.

## POOL ADOPTS OPTIONAL MARKETING POLICY

As a result of this decision it became necessary to decide on the future policy of the Pool, and the decision was in favour of a system of optional marketing. On July 20th the Board issued a statement dealing with this important question, in which they said: "In the absence of a marketing organization of national scope, it has been decided that the Saskatchewan Wheat Pool will continue to operate for the 1931-32 crop season for the marketing of Pool members' grain, but that Pool members will be given the privilege of deciding the method by which their grain will be

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marketed." It was also decided that no Elevator or Commercial Reserve deductions would be made from grain delivered to the Pool for that crop season.

Under this arrangement, the members were at liberty either to market their wheat through the Pool, receiving an initial payment in the ordinary way, to sell outright in less than car-load lots, or to ship by car-load lots through a Commission Department, which was set up by the Pool. This, of course, was tantamount to cancellation of the contract, and was bound to be a severe test of the loyalty of the members. As will be shown later, however, the organization came through the test in a manner that must be regarded as fairly satisfactory, especially considering that a large proportion of the company's country elevators were in areas where the 1931 crop failure was most pronounced.

In order to alleviate the desperate position in which the farmers of the three prairie provinces found themselves, the Federal Government made a grant of five cents per bushel on all wheat of the 1931 crop, which was paid to them through the Board of Grain Commissioners, and was not subject to garnishee, so as to make sure the money reached those for whose benefit it was intended. This sum brought up the initial payment to those marketing through the Pool in the ordinary way to 40c per bushel.

It was only to be expected that the slightest sign of any change in the method of marketing on the part of the Pool would be the occasion for rejoicing by the private grain trade and its friends. It is not surprising, therefore, that *The Financial Post*, which had always been conspicuous for its opposition to the pools, should have hailed with joy any adverse criticism on the change from a policy of straight pooling to optional marketing. Accordingly, *The Post*, in its issue of November 12th, 1932, introduced a criticism of Professor James F. Boyle, of Cornell University, with these words: "In Canada today there are wheat pools, but no wheat pooling. This is the last phase of the glamorous, but unsound, wheat pool adventure as it is seen by Professor James F. Boyle, of Cornell University, long a critic of the western pools, and now vindicated in his criticisms by the actual results." *The Post* then quotes Professor Boyle as follows: "Wheat pooling in Canada has gone into the discard for various reasons. Based on the false dogma of 'Orderly Marketing,' pooling was built up on a now discredited philosophy of marketing. It is now generally accepted that dumping wheat on the domestic market has no visible effect on price. The slogan 'Orderly Marketing,' put into circulation some 12 or 13 years ago, is now recognized as a mere high-sounding name for speculation by amateurs." It did not need the assistance of *The Financial Post* to enable one to detect the antagonism expressed by these words.

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There is not the slightest doubt that, under normal conditions, optional marketing would have constituted a fair test of the loyalty or otherwise of the members of the pool to the pooling principle. As a matter of fact, however, the same abnormal conditions that caused the introduction of optional marketing were also the conditions which prevented members from supporting the pooling principle. This fact it was that gave opponents of the pool the opportunity to declare that pooling had "gone into the discard," and that it "was built up on a now discredited philosophy of marketing." In making this declaration, Professor Boyle totally ignored the fact that the purchasing power of the prairie farmer had been obliterated. In the vast majority of cases, with mortgage and other payments pressing, with the necessity of providing for the needs of their families, with the insistent call for the payment of taxes, and with the prices of all farm products away down below cost, there was no option but to avail themselves of the opportunity to sell on the open market, so as to receive payment in full at the time of delivery. Further, it is to be remembered that, as already stated, it was only after two years' experience of the depression, and after every effort had been made in vain to induce the government to take hold of a situation which no one had anticipated when the pool was established, that optional marketing was decided upon. Moreover, the annual meeting of November, 1931, as recorded in another chapter, re-affirmed its belief in the soundness of the pooling method of marketing. It was the economic depression, in fact, which was responsible for the comparatively small amount of wheat which was pooled in the crop seasons of 1932 and 1933. It would have been strange, indeed, if the economic conditions which so profoundly affected every other institution, not only in Canada, but in the whole civilized world, had left the Wheat Pool unscathed.

## CHAPTER SIXTEEN

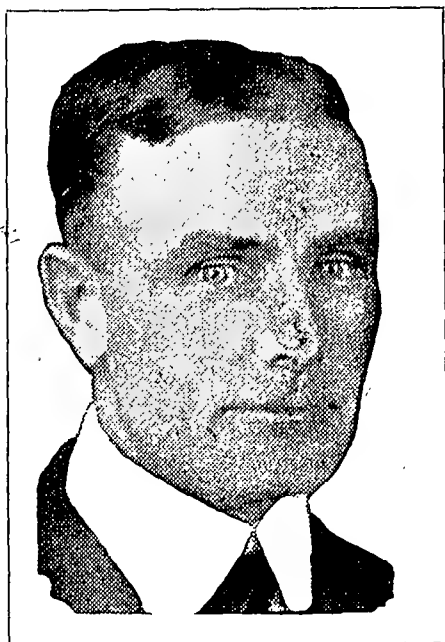
### PROGRESS UNDER A GREAT SHADOW

We must now return to our review of the progress of the Wheat Pool. The Seventh Annual Meeting took place in November, 1931, under the shadow of a great loss occasioned by the unexpected death of the President, Mr. McPhail, which will be referred to more fully a little later. It seemed that the spirit of their lost leader must have hovered over the meeting, and that the delegates had imbibed something of his courage, enthusiasm, determination and devotion to the cause. Referring to this meeting *The Western Producer* said: "Out of this year's annual meeting emerges the heartening and all-important fact that co-operative grain marketing is to carry on. There was never a suggestion of losing grip on an institution which has made itself felt in the life of this western country." To what extent this spirit was maintained will be seen as the narrative proceeds.

Notwithstanding the tremendous difficulties facing the organization, the opinion of the delegates on the subject of the continuance or otherwise of the pool method of marketing was well summed up in the following resolution: "That this meeting of delegates desires to re-affirm its belief in the soundness of the pool method of marketing." It was evident that the co-operative spirit was very much alive, and that the pool elevator system was regarded as a bulwark in that critical phase of the history of the organization.

During the crop year of 1930-31, the annual report showed there was delivered to the pool a total of 75,826,357 bushels of wheat. As the total crop of the province amounted to 164,477,445 bushels, this represented 46.9 per cent of the crop as having been marketed through the pool. These figures compare with 76,555,208 bushels and 56.5 per cent for the previous crop year. There was also marketed in Saskatchewan a total of 33,398,639 bushels of coarse grains, of which 23.6 per cent was marketed through the pool, as compared with 34.3 per cent for the previous season. When we consider these figures in connection with the average acreage under contract, a serious falling off is disclosed in the quantity marketed through the pool, both of wheat and coarse grains. For instance, the wheat acreage showed a decline of only 30,000 acres, approximately one-third of one per cent, while the percentage of the crop marketed through the Pool fell 9.6 per cent: 30,000 acres, approximately one-third of one per cent, while the percentage of the crop marketed through the Pool dropped by over ten per cent.

# THE SASKATCHEWAN WHEAT POOL



A. J. McPHAIL

*A Great Leader and First President of the Pool*

## THE SASKATCHEWAN WHEAT POOL

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On the other hand, the Saskatchewan Pool Elevators Ltd. handled through their 1,060 country elevators a total of 84,468,416 bushels of all grains, as compared with 80,433,256 bushels the previous year, an increase of 4,035,160 bushels, while the grain handled over the loading platform—that is, car-load shipments not passing through local elevators—increased by 58,991 bushels, viz., from 1,439,248 bushels in 1929-30, to 1,498,239 bushels in 1930-31, making a total of 85,966,655 bushels as compared with 81,872,504, or an increase on all shipments of 4,094,151 bushels. The total handlings of the Saskatchewan Pool Elevators, therefore, as compared with those of the Wheat Pool proper, as stated in the preceding paragraph, show that over 10,000,000 bushels of non-pool grains were handled through the pool elevator system.

During the pool year 1930-31 wheat prices, along with those of practically every necessary of life, slumped to almost unheard-of levels. No. 1 Northern wheat around the time of the annual meeting in November, 1930, was 65 cents per bushel in store at Fort William. This decline in prices was responsible in its turn for a succession of reductions in the initial payment. Beginning the crop year with an initial payment of 70c per bushel, basis 1 Northern at Fort William, when the price of that grade was around \$1 per bushel, a margin which at that time was considered perfectly safe, the payment was reduced to 60c, 55c and eventually 50c per bushel, as the price slid down gradually to lower and lower depths, and for the second year in succession it was found to be impossible to make any interim payment to growers.

Notwithstanding the exceedingly unfavourable conditions which persisted throughout the year, the balance sheet showed the organization to be in a strong position. During the year the direct liabilities of the organization were reduced by \$1,300,000, this representing the amounts paid on the purchase price of the Saskatchewan Co-operative Elevator Company Ltd. to the liquidators and to the Provincial Government. The depreciation reserve was increased from \$3,686,121.18 to \$4,923,255.16, the operating reserve from \$2,051,323.84 to \$2,676,412.36, and the liquid working capital from \$450,000 to no less than \$3,166,200.82. Part of the increase was due to the fact that no distribution of surplus earnings or dividends was made during the year, the board wisely considering it advisable to strengthen the working capital as much as possible, in view of the fact that security on the company's assets had been given to the Provincial Government in connection with the 1929 overpayment. The net earnings of the elevator system were \$1,787,290.60, this being at the rate of 1.061 cents per bushel. No new construction of elevators was undertaken during the year, but three elevators which were destroyed by fire were replaced.

The continuance of the great economic depression led to further curtailment of service in the various departments during 1931. This included radio broadcasting, which was entirely discontinued, the Library, exhibits at country fairs, junior grain clubs and other activities. It was recognized, nevertheless, that direct contact must be maintained with the membership in the country. This was done through the medium of the Wheat Pool committees, by means of organization and general educational work by the delegates and others. In this way important service was rendered by maintaining contact between individual growers and the central organization, keeping members informed as to the progress and operation of the pool, and carrying on educational work along various lines. In accordance with the decision of the semi-annual meeting, held in the month of July, the Field Service Department was reorganized, the staff reduced and the services of those who were retained were utilized in the securing of deliveries to the pool elevators, and assisting in a campaign to secure additional circulation for *The Western Producer* which, as will be related later, had by that time been taken over by the Pool.

Following the events narrated in the last chapter, in which we dealt with the change of policy from straight pooling to a system of optional marketing, still another effort was made by the grain trade to alienate the sympathies of members from the pools. In late August, 1931, the trade attempted to persuade the members that the grain marketed through the Pool would be subject to deductions in connection with the 1929 over-payment, and that, in order to receive open market settlement it would be necessary to deliver their grain to line elevator companies. This palpable misrepresentation, however, was immediately taken up by Mr. Robertson, the Secretary of the Pool, who announced through *The Western Producer*, that the crop of 1931 would not be liable for any debts or obligations of past years.

The matter was also dealt with by Mr. McPhail who, in a message also delivered through *The Western Producer*, stated that for six months past the country had been deluged with anti-Pool propaganda. The answer to the misrepresentations, he declared, was that to date well over 50 per cent of all grain deliveries in the province had been made to Pool elevators.

As evidence of the strong position of the Pool, Mr. McPhail reminded the members that the Pool had bought out the facilities of the Saskatchewan Co-operative Elevator Company, Ltd., for the sum of \$11,061,000 in the year 1926, and had paid all but \$2,400,000, had added to the facilities and paid for 600 additional country elevators, and a 7,000,000-bushel terminal at Head of the Lakes. He reminded them further that although no elevator or commercial reserve deductions had been made in the last two

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years, they had been able to make the annual payment of \$1,500,000 to the Co-operative Elevator Company, and had also available working capital of over \$3,000,000, while the net earnings of the past year had been approximately \$1,785,000. He had confidence, he declared, that the members would continue their support by marketing their grain through the Pool.

### THE PASSING OF MR. McPHAIL

For eight years Mr. McPhail had lived and toiled for the Pool and it was, therefore, fitting that this strong, vigorous defence and his confident appeal to the loyalty of its members should be his last. For, very shortly afterwards, his death came with dramatic suddenness. Following an attack of sickness, he was removed to the Regina General Hospital where he underwent an operation from which he was, apparently, making a good recovery when death overtook him on the very eve of the day on which he was to have returned to his home.

The news of Mr. McPhail's death was received with the greatest regret by all sections of the people, not only in Canada, but also in Great Britain, to which country his duties had taken him on two or three occasions, once in the capacity of expert adviser to Premier R. B. Bennett on the occasion of the Imperial Conference in London in the year 1930.

Testimonials to his character and his devotion to the interests of the Pool appeared in practically every journal of any importance in the Dominion and even in Great Britain. *The Montreal Star* said of him: "Eastern Canadians or Western, friends or foes of the Wheat Pool idea, unite to pay him tribute. He was a great man who devoted too brief a life to a great idea." *The Manitoba Free Press* paid its tribute in the following words: "With his death Western Canada loses one of its outstanding personalities; one of the Titans in the great enterprise of Canadian wheat"; while *the Calgary Herald* said: "The late Mr. McPhail possessed the confidence of the agrarian west to a remarkable degree. Furthermore, he was worthy of that confidence because he had unusual ability, keen discernment and abundant courage—all very necessary in the make-up of a successful leader."

One of the most touching and most sincere tributes, naturally, was that of his colleagues on the Board who, in their annual report that year said: "It is not too much to say that every delegate and director of this organization, past and present, suffered the loss of a personal and much loved friend in the passing of Mr. McPhail. The many tributes which appeared in the press, and the very large number of personal letters received, bear testimony to the high esteem in which he was held by men and women in all walks of life. None of these, however, have been able to draw aside the curtain and portray in its entirety the spirit that animated



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his whole life, more especially in his later years. His high integrity and sincerity, combined with honesty of purpose, were the outstanding qualities which endeared him to every member of your board. For many years a strong advocate of co-operation as the road which would lead to the solution of many of our agricultural difficulties, the organized farmers of Saskatchewan have lost an outstanding champion of their cause.

"The public life of Canada is the poorer for his passing. The co-operative movement in general and our organization in particular, will feel his loss keenly. But, despite the great loss sustained, it is well to realise at this time that the whole movement for agricultural co-operation has been strengthened and enriched because of the fact that the last and best years of A. J. McPhail's life were devoted wholeheartedly, unreservedly and with a singleness of purpose rarely met with, to the task of advocating and administering the affairs of this organization—the work which lay closest to his heart."

To these the author can add his own testimony to the character, ability and devotion to duty of Mr. McPhail, as one who was closely associated with him for two or three years prior to his election as a director and President of the Pool, and who remembers with pleasure that it was his privilege to have been the first to draw the attention of Mr. McPhail to the pooling principles advocated by Mr. Sapiro.

In the Seventh Annual Report of the Board of Directors of the Pool, it was announced that the net overpayment on the 1929-30 crop was \$13,265,054.19, to which would have to be added bank interest from September 1st to the time settlement was made by the government with the banks. The banks agreed to accept settlement from the government by way of a twenty-year provincial bond issue and, in the event of the government being called upon to make settlement, the Pool would undertake to repay such amount over a period of twenty years, the first payment falling due one year from the time the government settled with the banks. Security was given by the pool upon the country and terminal elevator system and also a first mortgage on the head office building.

The attitude of the delegates at the semi-annual meeting prompted the Board to suggest to the government that it would be agreeable to the organization for the government to appoint someone who would have a right to attend all meetings of the board, to acquire information as to the proceedings of the company. Later, it was announced that Hon. J. E. Brownlee, Premier of Alberta, had been requested by the governments of Manitoba and Saskatchewan to maintain contact with the provincial pool organizations, and to advise the governments on matters of com-

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mon interest to the three provincial organizations. These arrangements, however, the author was advised by Mr. Brouillette, were not carried out.

### THE WESTERN PRODUCER TAKEN OVER BY THE POOL.

It has already been mentioned that for two years in succession, owing to the difficulties caused by the low price of wheat, the Pool had been unable to make any interim payment. This circumstance had a disastrous effect on the United Farmers of Canada and *The Western Producer*, both of which were very largely financed by means of requisitions on the Pool by members who were also members of the U.F.C. or subscribers to *The Western Producer*.

Recognizing the importance of the paper to the farmers of the province, the annual meeting in November, 1930, authorized the board to take whatever action they deemed necessary to maintain *The Western Producer* as a publicity medium for the co-operative movement in Saskatchewan, and the board was given power either to finance the paper or to purchase it in case business conditions warranted that course. The matter was under consideration for some months and, on June 1st, 1931, the Modern Press, Ltd., was incorporated as a subsidiary of the Pool, with an authorized capital of \$100,000. H. S. Fry, Director of Publicity of the Pool, was appointed manager, and A. P. Waldron, who had been associated with *The Western Producer* since it was first established, was retained as editor, becoming later general manager and managing editor of the paper. On taking over the business all requisitions on the Pool covering subscriptions to the paper were immediately suspended, and the basis of circulation was entirely reorganized and, as soon as possible, put on a cash basis. An editorial board, representative of the various farmers' co-operative organizations in the province was formed, and took charge of the general editorial policy of the paper. The new company also continued to operate the job printing plant, which undertook the printing for the Pool and its subsidiary companies, as well as general commercial printing for the various co-operative organizations and the general public.

In view of the continuance of the economic depression, the management of the Modern Press had a difficult task before them. Nevertheless, with the active assistance of workers connected with the Pool, they accomplished what the Eighth Annual Report described as "an almost unprecedented achievement" in bringing the circulation of the *Producer* in the first year of operation up to more than 48,000 copies weekly. This, however, did not prevent the management from having to encounter serious financial difficulties, which necessitated a severe curtailment of expenses.

and the retirement from the service of Mr. Fry, following which the management was taken over by Mr. Waldron who, as already stated, assumed the dual position of manager and editor.

## PROGRESS UNDER OPTIONAL MARKETING

The abandonment of compulsory pooling marked the end of the first phase of the history of the Saskatchewan Wheat Pool. The change of policy to optional pooling was due to a very complex series of conditions. First of all, out of fear of a coming war, every country in Europe which could be included in what might be called Canada's wheat market, aimed at making itself, as far as might be, self-sustaining in the matter of bread by keeping foreign wheat out. To avert the danger of being starved into surrender during a war, Russia had organized her Five-Year Plan. Great Britain, according to an announcement in the House of Commons in December, 1931, was working out a quota scheme in order to develop her own wheat fields. France, as shown by the Dominion Bureau of Statistics, applied a general tariff of \$1.70 per bushel on wheat, with a minimum of 85c; Germany enforced a tariff of \$1.60 per bushel in 1930, reduced, however, to 73c in the following January; Italy followed with a tariff of \$1.04 in July, 1932. Many European countries, the Dominion Bureau stated, imposed a heavy tariff and a milling quota as well, while others omitted tariffs, but regulated imports by licenses and quotas, the object being to keep our foreign wheat in order to raise the domestic price. Evidently, then, the economic depression, coinciding with the placing on the market of the bumper crop of 1928, and not the policy of the Wheat Pool, were responsible for the initiation of the large world carry-over, while the fear of the European nations contributed to its continuance.

Next, there was the world depression, which destroyed people's purchasing power. With dividends reduced, at times to the vanishing point, with the crisis of unemployment in the great industrial countries, which are the chief consumers of bread from abroad, all classes of society were impoverished. Prices of primary products fell to unheard of low levels, among many others wheat; and naturally, people robbed of dividends or of wages, as the case might be, had not the means to buy even at these low price levels. In spite of the low cost of wheat, Canada had lost her usual buyers, with the result that the price of her grain sank below the cost of production. The prices received on the farms in Saskatchewan were as follows: 1929, \$1.03; 1930, 47c; 1931, 38c; 1932, 35c; 1933, 47c.

Another factor was that the acreage in cultivation of wheat had increased beyond all reason in the period of high prices and assumed permanent prosperity, not only in Europe, but in the United States and Canada. Mr. McFarland, acting as manager

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for the Pool, pointed this out, and called loudly for a reduction in the acreage sown to wheat. In this attitude he never wavered. While weather varied from year to year, said Mr. McFarland, over a series of years the results were fairly constant, as indicated by the law of averages on the world's wheat crop. He pointed out that the world's wheat acreage, exclusive of Russia and China, had increased from approximately 227,000,000 acres in 1921 to 261,000,000 in 1932, or an increase of 34,000,000 acres. The twelve-year average yield per acre would, therefore, have given an increased production in 1932 of over 490,000,000 bushels. Further, dividing this twelve-year period into two periods of six years each, the average world crop, excluding Russia and China, was 3,317,000,000 bushels in the first period and 3,766,000,000 in the second. This gave an average of 449,000,000 per year more in the second period than in the first. Further, he pointed out, surpluses began to accumulate right on the heels of the 1927 crop, the beginning of the second period of six years.

While this was the general situation, a particular factor was the bumper crop of 1928—a crop of low grade wheat which could not readily be sold.

Accordingly, in the next phase of the history of the Wheat Pool, interest is centred less on the Pool itself as a co-operative selling agency, and more on what might be called world wheat events which were of the utmost importance, not only to it, but to all interested in grain.

One question that concerns us here is that in 1929 the Pool failed to forecast the sudden decline in the price of wheat and made a first payment on the crop of that season which proved to be altogether too generous. The margin between the obligations thus incurred and the actual price of wheat became so great as to alarm the banks. The provincial governments came to the rescue and guaranteed the solvency of the pools. The Saskatchewan Wheat Pool gave the provincial government a mortgage on all its property, including even the head office building. This being so, how did the Pool stand up under its burdens now that pooling was optional? The answer to this question will be seen in what follows.

The Eighth Annual Report, issued in November, 1932, disclosed the fact that a total of 1,082,054 bushels of wheat was marketed through the Pool, as distinguished from the Pool elevator system, in the crop year of 1931-32, on which an initial payment of 35 cents per bushel, basis No. 1 Northern, Fort William, was paid. This was followed by an interim payment of 10 cents and a final payment of 13.6 cents, making a total of 58.6 cents per bushel. Of the total deliveries to the Pool during the season, 97.37 per cent was delivered to the Pool direct, only 2.63 per cent

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reaching the Pool through line elevator companies, presumably from points where the Pool had no local elevators. Sales and operating expenses average only .760 of a cent per bushel.

During the season, however, the Pool elevator system as a whole handled a total of 54,672,705 bushels, and also 1,999,163 bushels over the platform, making a total of 56,671,868 bushels, as compared with 85,966,655 bushels the previous season, while the percentage of all wheat marketed in the province, and delivered to the Pool elevator system was 40.56 per cent, as compared with 45.75 per cent the previous year. The lower percentage was due, to a considerable extent, to the fact that a large number of the elevators actually operating were in districts where the crop failure was most pronounced.

During the crop year 1932-33 the amount of wheat actually pooled was more than six times that of the previous year, viz., 6,504,169 bushels, of which nearly 90 per cent was delivered through Pool elevators, more than 6 per cent loaded over the platform, and slightly less than 4 per cent delivered through line elevators. This appeared to be an indication that the pooling of wheat in Saskatchewan was by no means dead, and that with a gradual return to prosperity the amount pooled might be expected gradually to increase.

The total of all grains delivered to pool elevators in 1932-33 was 87,381,764 bushels or 43.02 per cent of the entire crop of the province. This shows a gain in volume over 1931-32 of 22,709,059 bushels, and a percentage increase of 2.46 per cent. The total loaded over the platform was 3,988,281 bushels, an increase of 1,989,118 bushels over the previous year, making a total marketed through the organization of 91,370,045 bushels. This compares very favourably with preceding years, and when we remember that the crop was again almost a total failure over a large section of the southern portion of the province, it is a testimony to the loyalty of the members of the Pool, under the most difficult circumstances imaginable, to their organization.

Coming now to the matter of finance, the balance sheet for 1931-32 showed the pool to be in a strong position, direct liabilities having been reduced by \$445,467.63, which sum represented the payment on the Saskatchewan Co-operative Elevator Company purchase. Depreciation reserve was increased from \$4,923,255.16 to \$6,148,809.08, and operation reserve from \$2,671,412.36 to \$3,059,420.35. The liquid working capital stood as at November 1st, 1932, at \$3,624,730.99, showing an increase of \$458,530.70 over the previous year's statement. These results, however, encouraging though they were, were not sufficient to allow the Pool to meet in full that year's commitments on the Co-operative Elevator purchase and the provincial government's mortgage on the Elevator Company's property, which the Pool

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had assumed. By arrangement, therefore, the Pool paid one-half of the principal sum due to the Co-operative Elevator Company, and deferred payment of the government mortgage for one year. In each case, however, interest payments were met in full.


Comparing this with the following year, 1932-33, we find that the Pool had a highly successful year, which enabled the directors to meet commitments amounting to \$3,323,654. These included the final payment on the purchase price of the Saskatchewan Co-operative Elevator Company's facilities, the purchase of fifteen elevators, previously leased from the United Grain Growers Ltd., and a first payment on the provincial government's guarantee of the over-payment on the 1929 crop. The Ninth Annual Report, commenting on these payments, says: "The fact that this large business transaction was carried to completion during this period of unprecedented depression may be regarded as a tribute to the financial stability of this farmer-owned organization. It is a practical demonstration of the value of co-operation among the grain producers of this province."—These payments were made possible by the fact that the net earnings for the year were \$814,030.19. This amount brought the net earnings of the organization from the time of its establishment in the year 1924 up to a total of \$12,887,207.

Completion of the Saskatchewan Co-operative Elevator Company purchase, which had been effected within a period of only seven years, half of which had been the most disastrous time ever faced by the agricultural industry, left the Pool with only one major commitment—the provincial government's guarantee of the 1929 over-payment, amounting to \$13,752,000, plus interest at five per cent per annum, and even this had been reduced by two payments of \$67,885 and \$1,128,589, including both principal and interest. That it was possible for the organization to make these payments at such a time was a testimony to the efficiency of the management and to the loyalty of the members throughout the province. It is further worthy of note that the purchase of the fifteen country elevators from the United Grain Growers, which had been previously leased by the Pool, made it the absolute owner of the whole of the 1,067 country elevators operated by it within the Province of Saskatchewan.

## CHAPTER SEVENTEEN

### THE PUZZLE OF THE SURPLUS

That some concerted action on the wheat surplus by the wheat exporting nations was necessary was strongly impressed upon the public mind by the almost uninterrupted increase, year by year, in the world carry-over. According to figures compiled by the Food Research Institute of Stanford University, world surplus stocks at August 1st, 1928, were normal at 720,000,000 bushels. In 1929, however, following the enormous crop of 1928, the surplus rose to 981,000,000 bushels. In 1931 the carry-over was 1,014,000,000 bushels and, in 1933, there was on hand the staggering total of 1,113,000,000; and this in spite of the fact that the consumption of wheat in Oriental countries, and for the feeding of livestock on the American continent, continued to increase.



Notwithstanding this continual piling up of the surplus, the repeated requests of the producers' organizations of Western Canada for the calling of an international conference were apparently ignored by the government at Ottawa. In any event, the conference was not called by the Canadian government, but it eventually came about in another way. Before dealing with this matter, however, it will be advisable to ascertain the stand taken by the officials of the Pool.

How the problem should be approached, in the opinion of the board, was outlined by the secretary, Mr. George Robertson, as follows: "The method of controlling deliveries to the world's markets should be a domestic matter, to be settled for themselves by each of the exporting nations. The plan to be adopted should remove the existing surplus, should correlate supplies with effective demand at all times, should bring the producers a more remunerative price without penalising the consumer, should be workable from an administrative viewpoint, and should be of a long term rather than of a temporary nature. In the opinion of the Western Pools," he said, "they had such a plan in the international wheat export quota proposal."

In the fall of 1932 economic experts from several countries met at Geneva to draft a tentative agenda for a World Economic Conference, but it was not until May of the following year that they were able to report definite progress in working out an agreement, and when they did so it was to limit production by a reduction of acreage.

The four-nation wheat conference was resumed at London at the end of May, 1933, so as to coincide with the holding of the World Economic Conference. It was sought on this occasion to arrive at a single plan which would be acceptable to all for con-

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trolling wheat production and raising the world price level. A method was sought of bringing about such changes in trade, economic and monetary policies as would be instrumental in restoring prosperity to agriculture. These proposals were favourably received by the prairie governments in Canada, who pledged their co-operation with the Dominion Government in formulating plans for acreage reduction or controlling exports.

By the middle of June, 1933, prices had risen to about a dollar a bushel on the North American market, due to what was stated to be "the worst spring drought in history." Thus Nature herself took a hand by reducing the surplus or, at least, preventing an even greater one, by burning up the wheat in the fields and sending up the price on the market. It was stated that only this opportune rise in the price, coupled with a threat that Canada and the United States would dump their 500,000,000-bushel surplus on the market had prevented a complete breakdown in the negotiations. Ultimately it was agreed that no harm would be done by allowing negotiations to mark time until about the middle of July.

When the question was again taken up, representatives of the four large exporting countries reached an agreement with delegates from Central European countries whereby their exports would be limited to 54,000,000 bushels in 1933 and 50,000,000 in 1934. The representatives of the "Big Four" were to negotiate with Russia, France, etc., with the object of tying Russia to a quota, and France and others to removal of restrictions on imports.

Notwithstanding this apparent unanimity however, a crash of around 20c in grain prices at this time hit producing countries a hard blow and made agreement all the more difficult.

In August, 1933, discussion was resumed; but it was not until the 25th of that month that an agreement was reached under which a maximum export of 560,000,000 bushels was fixed for the big exporting countries during that current year. This called for a 15 per cent reduction by the four principal exporters during the crop year of 1934-35. It was also agreed that the big importers would not increase their own production, and would endeavour to stimulate consumption in their respective countries. Canada, Australia and the United States, together with eighteen other countries, signed an agreement to this effect. Argentina did not sign at that time, but promised to do so later. Russia and the Danubian countries declined to agree to the 15 per cent reduction, but would limit their exports. A maximum export quota of 50,000,000 bushels was, therefore, allotted to them, 200,000,000 bushels to Canada, 47,000,000 to the United States, 110,000,000 to Argentina and 105,000,000 bushels to Australia. Thus it appeared that an agreement had been reached that was fairly satisfactory to each country concerned.



Meantime the operations of Mr. McFarland on behalf of the Dominion Government continued to meet with strong opposition on the ground that prices had not been stabilized, and that the sale of Canadian grain had not been promoted.

At an emergency session held on August 15th the members of the Winnipeg Grain Exchange decided unanimously to establish minimum prices for grain futures, thus pegging the price of wheat and coarse grains. This action, it was stated, was due to "abnormal conditions surrounding other markets." The minimum was set at the closing prices of Monday, August 14th, when cash wheat was selling at 68  $\frac{1}{8}$ c, and October futures at 70  $\frac{1}{2}$ c. Unable to go any lower, prices set in the opposite direction, and registered gains of 1  $\frac{1}{2}$  to 4  $\frac{1}{8}$  cents per bushel. "This," said Mr. Wesson, "was the only logical thing that could be done, under prevailing conditions, but it proved false the claims for a free and open market."

Late in the month of October the Council of the Grain Exchange announced its approval of measures found necessary to maintain a free world market for grain; and early in November the delegates to the annual meeting of the Wheat Pool expressed approval of the principle of international co-operation. At the same time they urged the government to endeavour to secure international action for the raising of the price level, and also renewed their appeal for a national marketing board, with complete control over the Canadian crop, and the administration of the quota plan in Canada.

By the end of November, 1933, tariff reductions on wheat in importing countries, which were to come into effect when the gold price of wheat had been stabilized at 63c for a period of four months, seemed further off than ever when Andrew Cairns, the Secretary and Statistician of the Wheat Conference, announced that the price had gone down to 41 cents gold. Moreover, Germany and France had proposed that all countries signing the agreement should set a limited scale of prices, which seemed to be aimed at preventing the price from rising to the point where reductions in the existing tariffs might be expected.

Early in the month of December a delegation from the Grain Exchange assured the premier of their co-operation in carrying out the wheat agreement, though they would not assist in setting up any state marketing system; while wheat marketing boards for all the large exporting countries were advocated by the premiers of Alberta and Manitoba, and also by Hon. M. A. MacPherson on behalf of Saskatchewan. On the other hand, the Central Board of the Wheat Pool expressed the doubt of the members as to whether the hedging system could function at all under the rush of wheat which would flood the market unless a national marketing board was established. The board, more-

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over, saw the possibility of an increase in the price of wheat being absorbed by interests coming between producer and consumer, and of a market based on a negotiated and not a speculative price. In order to prevent this they advocated the setting of a price for all wheat processed for domestic consumption in Canada, on a parity with other goods sold in the country, and that the wheat agreement should be linked up with a national production and marketing policy for the entire farming industry, including livestock, dairy and poultry products. Further, they held that it should include measures for financing agriculture at a low rate of interest, debt adjustment, and other measures to prevent the depreciation of the farming plant.

### ATTEMPT TO FIX WORLD WHEAT PRICES

Notwithstanding the degree of unanimity that appeared to have been reached by the delegates to the World Wheat Conference, it was evident long before the end of the year that wheat marketing was in a state of chaos. While 22 countries, in the words of Mr. Brouillette, "had decided to forsake unrestricted competition, and had chosen the road of co-operation for the future," the United States was accused, among other countries, of placing obstacles in the way of world-wide recovery of the grain trade, by the buying of home wheat by the Pacific North West Emergency Export Association, and selling it at a loss on world markets, the loss being recouped from a millers' tax.

Meanwhile the international wheat marketing commission had reconvened in London in an effort to lay down a framework for a world-wide minimum scale of wheat prices, and while delegates from the big wheat producing nations had no great love for price fixing, they considered a minimum scale necessary for a short period to counteract what was described as "virtual anarchy" in the wheat pits. Nevertheless, while favourable to such a scheme, the commission decided, early in the new year, that it must be combined with other measures to dissipate world wheat stocks by increasing consumption; and as importing nations were not opposed to a fixed minimum price so long as it was not fixed too high, the recommendations of the commission were placed before the various governments for consideration early in the month of February, 1934.

In the meantime, however, the controversy in Canada as to restriction or non-restriction of production continued and, while Mr. McFarland endeavoured to enforce his viewpoint in favour of restriction by quoting figures, backed by the Stanford University, which showed a great increase in bushelage and in the world's carry-over, he nevertheless seemed to regard it only as a temporary measure, since he declared that "eventually they would win through and take up again the task of developing their fertile



lands." Mr. J. H. Wesson, on the other hand, said "the Pool was opposed to restricting production, and also to reduction of acreage by law," and this, apparently, even as a temporary measure; while Dean A. M. Shaw, of the University of Saskatchewan, believed that permanent curtailment of production on other than marginal lands "would be a disaster of the first magnitude to the Western provinces and the whole of Canada." Premier Bennett, however, declared that restricted production was the only solution.

An agreement to limit production was reached at the London Wheat Conference. Article 2 of the agreement reading that "They" (that is, the exporting nations) "further agree to limit their exports of wheat during the crop year, August 1st, 1934, to July 31st, 1935, to maximum figures 15 per cent less in the case of each country than the average out-turn on the average acreage sown during the period 1931-33 inclusive, after deducting normal domestic requirements."

Based on this agreement, bills were introduced in the legislatures of the three prairie provinces, and later in the Federal House, giving power to implement the agreement and, if necessary, to set up a board to make Canada's quota effective, either by the provinces singly or in conjunction, or by the provinces jointly with the Federal Government.

Meantime a commission of experts sitting in London had proposed drastic measures to limit shipments of wheat, and had also proposed the setting up of a minimum price barrier. These proposals were to be submitted to an international wheat conference, which was to meet in Rome early in April; but when this conference, the first ever convened aiming to fix wheat prices, met in Rome, a considerable diversity of views was apparent.

The object of the conference apparently, was to save the London agreement from failure. The danger point centred in Argentina, whose export quota of 110,000,000 bushels had been set when she had a poor crop. Since the quota had been fixed, however, she had acquired a surplus of 45,000,000 bushels and, on this account, she demanded an increase in her quota as the price of her remaining loyal to the London agreement.

In the month of May, 1934, the scene was again shifted to London for what was in some quarters described as "a final showdown" on a scheme of international minimum prices. The conference met on May 7th, with 21 nations signatory to the agreement represented, and it had been requested that all delegates be given powers to come to a final decision on the scheme as submitted by the conference held in Rome.

The London conference, however, was not to be allowed to proceed without a vigorous protest from the grain trade; for on the day preceding the initial session, the Liverpool Corn Trade

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Association made a strong attack on governmental interference, and demanded a restoration of freedom of trade.

The protest of the trade, however, probably had little or no effect, as the conference proceeded with the work for which it had been summoned. Under the scheme drafted at Rome difficulties had arisen as to the basis on which prices should be fixed. Ultimately, however, it was agreed that a minimum should be determined by a small price-fixing committee which was to settle prices based on supply and demand, with a view to maintaining stability of prices as far as possible over the whole field. It was not intended, however, that prices should be shot up suddenly, but increased gradually from zero to ten per cent.

Once more, however, the settlement was more apparent than real, for it was announced a week or so later that Argentina, which still remained the "question mark," declined to accept the price-fixing plan unless she could have another 40,000,000 bushels added to her quota. This demand caused the abandonment of the conference until June 27th, and a committee representing Canada, Australia, United States, Great Britain, Germany and France was set up to consider alternative plans. As a matter of fact, complete breakdown of the negotiations had been very narrowly averted, as Argentina, under pressure from her own people, had demanded complete relief from all past and future commitments under the agreement.

With the agreement hanging in the balance, the month of August found Argentina still obdurate. While other exporting countries had each fallen short of their quota, Argentina had by that time overstepped her mark by no less than 34,000,000 bushels, and now demanded a quota of 150,000,000. This demand was refused except on condition that Argentina's acreage would be reduced. As the guarantee was not forthcoming no agreement was reached. Other proposals for settlement were made, but on August 24th, 1934, it was announced that reservations made by Argentina and two or three European countries, the names of which were not divulged, had made agreement on export quotas and acreage reduction for the time being impossible.

### McFARLAND UNDER FIRE

On September 1st, 1934, Mr. McFarland was in Ottawa, on his way back from attending the meetings of the world wheat advisory committee in London and, in spite of the numberless difficulties and disappointments experienced by those attending the conference, he returned in a very optimistic mood. There was evidence, he declared, of only a very moderate wheat supply in excess of normal requirements, and this was coupled with "an alarming shortage of coarse grains and animal fodder in many parts of the world." In his opinion that meant that the

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excessive world wheat surplus was temporarily removed and Western Canadian farmers would do well to adopt a policy of orderly marketing during the coming months. Any spare wheat, he believed, would be substituted for coarse grains, which were already selling at prices on an equality with wheat.

It was only a short period after Mr. McFarland's return, however, before the market was thoroughly demoralised. By October 2nd, it was reported in London that an attempt was being made to break Canadian prices by means of what was described as "the biggest wheat corner in the world's history." This was attributed mainly to the firm of Louis Dreyfus, but the rumour was ridiculed by their London agent, who declared it was impossible, both financially and technically, as the Argentine crop was under the sole control of the Argentine Government and there was no group in the world strong enough to take such a risk. Whatever the cause, however, prices on the Winnipeg Grain Exchange plunged down around this time to the extent of five cents per bushel, when the government agency, under Mr. McFarland, was credited with stepping in and making liberal purchases, which pared down the loss to around  $3\frac{1}{4}$  to  $3\frac{1}{2}$  cents. So serious was the situation at this time that Mr. McFarland suggested to the government that dealing in futures on the Winnipeg market should be investigated, and that the enquiry should be extended, if necessary, to the London, Buenos Aires and Chicago markets, thus indicating that, in his opinion, all the principal markets were being worked in order to force down the price of wheat. He further suggested that the Winnipeg Grain Exchange should be temporarily closed.

Owing to the attitude adopted by Mr. McFarland, it was suggested by the trade that it might be found advisable to carry out Sir Josiah Stamp's suggestion as to placing a government representative on the exchange. This, however, Mr. McFarland declared, would be futile. It would be merely supervision without authority. Further, an offer made by the council to investigate the books of the exchange in an effort to reveal improper trading would be merely an investigation of themselves by themselves. "Our own records of the futures situation," said Mr. McFarland, "are quite sufficient evidence of what has occurred." Whatever restrictions or method of control of the grain exchange the government might adopt, he said, the stabilization policy would be continued. Owing to the depression and the lack of purchasing power abroad, there were no buyers in the exchange to purchase from the elevator companies the wheat they had bought from the farmers except at sacrifice prices, and for the last four years he had been buying the "hedged" on the wheat purchased from the farmers of Western Canada. This important function, which had been declared by the Stamp Commission to be of distinct benefit

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to the producer, Mr. McFarland said, had hitherto depended on the speculator or gambler. The Winnipeg market was the most important open grain futures market in the world, and as a protection to the public and the producer, steps should be taken to restrict and control its operations. It was stated at Ottawa that the government approved Mr. McFarland's statements, and would "use any power it possesses to bring about the suggested changes."

Before proceeding further, it may be as well to say here that there were also ugly rumours afloat that the government agency was dumping its holdings on the market. This brought out a declaration by Mr. McFarland that the government would not sell its holdings until the actual consumers wanted the wheat, but would continue to use them to support the market. He then countered with the charge that private dealers had dumped their grain on the market following his suggestion that selling at Winnipeg, Liverpool, Buenos Aires and Chicago should be investigated. Such dumping, he said, was unwarranted and had caused a fall of six cents in two days. Fundamentally, he declared, conditions in the world market were unchanged, and before the cereal season was over all the Canadian surplus would be required for feed and seed.

Early in the month of November it was announced that the council of the Winnipeg Grain Exchange had pegged wheat futures prices as at November 1st at the instance of the Federal Government, at 75 cents for December wheat and 80 cents per bushel for May, and that it was prepared to afford facilities for the fullest investigation into the trading operations of its members, by competent impartial persons, if it was deemed to be in the public interest, and that they had so informed Mr. McFarland.

On November 21st, 1934, the wheat advisory committee met once more at Budapest in yet another effort to save and even extend the duration of the London agreement to the year 1937. While none of the countries opposed the principle of extension, Canada, Argentina and certain others declined to come to any decision until it was known what amendments might be proposed, while Hungary and the United States favoured immediate extension.

However, the four big exporters failed to come to an agreement on export quotas for the current year and, on the second of December, the Budapest Conference came suddenly to an end, owing to a refusal on the part of the Argentinian delegate to be bound any further by any of the provisions arrived at by the conference of 1933. The reason for this decision, he stated, was that the acreage reductions which formed the basis of the quota allotments had not been put into effect. The next meeting of the

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conference was set for March, 1935, and it was hoped that the amendments might be approved before seeding began in the spring of the year.

Early in January, 1935, British millers, who had regarded with disfavour Canada's marketing policy from the inception of the Pool, asked for the withdrawal of the six cent preference on wheat entering Great Britain from Canada, if, when the Ottawa agreements came up for revision, Canadian wheat was held above what they regarded as the world price. They held that Canadian wheat was 35 per cent above the London price and that, in consequence, imports were falling off. As a condition of the preference remaining in force, they asked for the resumption of a free market at Winnipeg, and a world price for Manitoba wheats. From a political viewpoint, however, it would have been disastrous to the prospects of the government in the coming general election to remove the pegged price, as that would involve a sharp fall in prices and, whether for that or other reasons, the demands of the British millers were not complied with.

Speaking before the Saskatchewan School Trustees' Association in Moose Jaw in the month of February, Mr. McFarland forecast a reduction in Canada's carry-over by August 1st, to around 80,000,000 bushels, and quoted figures to show that in whatever way they regarded it, the surplus would then be well below 100,000,000. At the same time he condemned a policy of forcing Canada's wheat on world markets at a price below the cost of production. Incidentally, he stated that, contrary to the general belief, Mr. McPhail was the one who had asked him to take over his present post, with the support of the provincial premiers, and that Prime Minister Bennett, who at that time was in London, had no knowledge of it until he read the news in the London papers.\*

As a matter of fact, however, events proved that Mr. McFarland had been unduly optimistic, as there was a carry-over on July 31st of more than 200,000,000 bushels.

Early in March new proposals for an extension of the 1933 wheat agreement to August 1st, 1936, were submitted to Argentina by Mr. Andrew Cairns,† on behalf of Canada, Australia and the United States, but the effort once more met with failure. It was held by Argentina that the only solution of the problem was a reduction of wheat acreage sown since 1913, which would not affect Argentina. Although Argentina was described by Mr. McFarland at one stage of the controversy as the "bad boy of the London wheat agreement," it would appear from a statement he made in the following May that that country did not altogether

\* This was confirmed by Premier Bennett in a speech in March, 1936.

† Andrew Cairns was formerly statistician to the Pool's Central Selling Agency.

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deserve the appellation he had applied to it. From Mr. McFarland's statement it appears that, while Argentina had increased her acreage by 3,500,000 acres since 1914, Canada had added to her own wheat acreage no less than 13,500,000 acres, all of it in Saskatchewan and Alberta. It is easy, therefore, to understand how Argentine delegates would view the efforts of other exporting nations to hold down her quota to 110,000,000 bushels.

The future course of the government's marketing policy was made clear when Sir George Perley, on behalf of Premier Bennett, gave notice in the House of Commons on March 4th of the introduction of a resolution to set up a national grain board, which would have power to "purchase, receive and take delivery" of all grains.

Both Mr. McFarland and the government were subject to the keenest criticism inside the House from government opponents, and outside from them and the grain trade. Some urged that the government should sell the surplus for whatever they could get for it, while others suggested that wheat farmers should be bonused to give them a good living. In replying to these critics at Winnipeg, early in April, Mr. McFarland said if they were to adopt any such policy they would no longer be a sustaining influence, but would be leading in the destruction and demoralization of values. The lower the price of wheat, the higher the bonus that would be required to give the Canadian farmer a living. Mr. McFarland went on to say, in the address from which we have just quoted that, in the absence of government support during the past four years, the price would have fallen to lower depths than we have ever known. The only effect, he declared, of a free and open market at Winnipeg would have been the elimination of Canadian farmers. There could be no such thing, he contended, as a world's price where production was controlled by subsidies, and not by price. While world over-production was encouraged and sustained by world-wide subsidies, no surplus producing country like Canada could afford to discontinue governmental mediation.

On May 22nd the international wheat conference again assembled in London, when fifteen countries, in which Canada was included, were represented. In presenting his report, Mr. Cairns, the Secretary of the Commission, predicted a more serious crisis than that of 1933, unless either the conference adopted a new export restriction agreement, or an "act of God" intervened. He estimated there would be a world surplus of 800,000,000 bushels on August 1st, as compared with the 1922-28 average of 625,000,000 bushels. Above normal crop prospects in European countries, he said, had restricted the market for the big exporters. As against the prediction of Mr. McFarland, he estimated the Canadian carry-over on August 1st at 163,000,000



bushels. He further reported the average price of wheat in London during May had been 46 gold cents a bushel, as against the goal of 63 cents average for 16 consecutive weeks, which had been fixed in the 1933 agreement as the basis for tariff reductions.

After an unusually short sitting agreement was reached on May 24th to extend the wheat pact for one year, with all government control definitely suspended, and quotas for the "Big Four" dropped, owing to the opposition of Argentina which, even at that early date, had already shipped more than her quota for the year ending August 1st. An agreement was reached, however, to renew France's quota of 11,000,000 bushels, to apply to the year ending August 1st, 1936, and designed to force Argentina to restrict her shipments; but this was accepted by France only on condition the "Big Four" came to an agreement to restrict their exports. All efforts to return France to the position of an importing nation were virtually given up. Under these circumstances it is difficult to see that anything of value was accomplished by the conference.

## CHAPTER EIGHTEEN

### WHEAT BOARD BILL IN COMMITTEE

As the time approached for the introduction of the government's national grain board bill into the House, speculation as to its provisions became extremely rife.

The eagerly-expected and epoch-making measure was introduced in the House of Commons by Prime Minister Bennett, and given its first reading on June 10th, 1935. On presentation it was found that the bill, if passed, would give practically a monopoly of both inter-provincial and export trade in grain, in case all the powers conferred by it were exercised. Constitutional difficulties were avoided under a clause in the Canada Grain Act which declares that an elevator or warehouse is "a work for the general advantage of Canada"; and such works are placed within the jurisdiction of the Dominion by Sec. 92, sub-section 10b of the British North America Act. By virtue of these two sections all grain elevators in the four Western provinces were placed under the exclusive control of a board of three members, which was to be set up, with an advisory committee of not more than seven members, on which the producers were to have a majority. If the board exercised its full powers under the act, the only possible operations outside the board would be direct sales by producers to local mills, or transfer direct from the grain field for export. The bill also gave the board power to receive and sell oats, barley, rye and flax produced in the four western provinces. The board

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would operate under the direction of the minister of trade and commerce, while the minister of finance would have authority to guarantee advances to the board by the banks.

When introducing the bill, Mr. Bennett disclosed that Mr. McFarland held the enormous total of between 220,000,000 and 225,000,000 bushels of wheat on government credit, and in discussing government policy declared that their choice must be between a compulsory wheat pool and chaos, with the carry-over and the new crop dumped on the market with disastrous results. The opposition, on the other hand, held that the issue was one of compulsory versus free marketing. They realized perfectly, they said, that the carry-over could not be dumped on the same market as the new crop, but that the farmers would have to be assured of a reasonable price for the 1935 crop, and the surplus would have to be liquidated on world markets, the government accepting whatever price was necessary to dispose of it. They could then be confident that the market would be restored, and that the law of supply and demand would bring about reasonable prices. In view of the distinct cleavage between the government and the opposition, it was decided to send the bill to a committee of nine members, five to be Conservatives, three Liberals and one representative of the Co-operative Commonwealth Federation.

The bill had a very varied reception in the country. Seeing that it meant the extinction of the Grain Exchange, there was only one attitude that body could be expected to take—the most uncompromising opposition. The Liberal press, of course, followed the lead of the federal supporters of the party at Ottawa. It was declared that the government policy was “one of the world’s greatest gambles,” and that “the gamble has been lost, and all the depressing factors still exist.” The Montreal Board of Trade declared that if a subsidy was found essential it should be an open subsidy, which would put Canada back on a competitive world basis and break down the growing antagonism against the Dominion. *The Western Producer*, on the other hand, being the organ of the Pool, welcomed the measure with open arms, declaring that it was “in the national interest that the successful export marketing of Canada’s wheat surplus should be placed on a more solid foundation. The fact that the establishment of the proposed national commission to market the Canadian crop will mean the end of speculation in grain as practised in the futures markets will bring no tears of regret to the eyes of the average wheat grower in Western Canada.”

When Premier Bennett moved the second reading of the government bill on June 12th he gave a comprehensive review of the government’s wheat policy and declared that, while the efforts of European countries to become independent of wheat and flour imports had materially narrowed the world market, Canada

was securing her full share, or more, of the export trade of the past few years. Over the last four years, he said, Canada had supplied 35 bushels out of every 100 imported by Great Britain and, to the world as a whole, as much as Australia and Argentina together. He strongly commended Mr. McFarland, who had served as chairman of the Central Selling Agency without salary as a patriotic duty, and said that, as a result of his strenuous labours, he was "another wreck of this depression, physically." Answering the charge that the government was speculating in wheat, he said that when the speculator disappeared from the Winnipeg market there was only one hedge-taker, and that was the Canadian Co-operative Wheat Pool, and day after day, they had to take millions of bushels hedged, for the purpose of preventing absolute chaos and the destruction of the market for Canadian wheat. He challenged his opponents to say that the intervention of the government was not to the advantage of the grower and the country in general. He said he knew of no other method than the one they had adopted that could have prevented a debacle on a scale never before known in this country, and stated that the bill was predicated upon the fact that Mr. McFarland was unable further to discharge his normal duties.

The attitude of the Liberal party was not materially altered from that adopted previous to the introduction of the measure. The party accepted the principle of the Grain Board Bill, but rejected the selling policy of the government in favour of an open market, with protection for the producers against the low prices which might result.

When the special committee appointed to consider the bill, of which Premier Bennett himself was Chairman, got to work, he forecast changes in the bill by his intimation that the board might retain all the existing export agencies competitively. He stated definitely that the grain elevator companies would operate as they had done in the past, and he insisted that opposing interests should suggest an alternative policy. Taking up the challenge, Mr. Roy Milner, President of the Winnipeg Grain Exchange, and Robert McKee, representing Vancouver trade and shipping interests, both insisted that surplus stocks must be disposed of as quickly as possible, and the government, through a board functioning along the lines followed by Mr. McFarland, must stabilize prices to farmers during liquidation. They were thus substantially in agreement with the policy of the Liberal Opposition. Premier Bennett declared these proposals meant a government subsidy and, while he did not oppose such a subsidy, it would impose a heavy liability that taxpayers might have to assume. On behalf of Vancouver interests Mr. McKee said they "had a very real fear of the possibility of serious injury to the port of Vancouver, and to the entire export trade of British Columbia, if a wheat monopoly

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were created, as wheat was the basic cargo which attracted shipping to Vancouver." The submission of the Winnipeg Grain Exchange was in part a plea for the retention of the facilities of the exchange for futures trading and, in part, a reply to the charges of short selling which had been brought against them by Mr. McFarland and Premier Bennett himself.

Mr. Milner presented figures which apparently accounted for all of the 35,000,000 short interest alleged by Premier Bennett, except a mere 161,000 bushels. It was revealed by the figures that there was a total of 34,829,000 bushels of actual Canadian wheat which had not been included in the "visible" supplies, this being wheat in transit or in bond, flour in Canadian and other mills, en route from country points, etc. All this wheat, Mr. Milner said, had been properly hedged, and he urged that the accuracy of the figures be immediately tested by chartered accountants. So conclusive did the evidence appear that the Premier accepted the figures for the time being, with the remark that the "visible" wheat statistics must be in error.

### A STERN BATTLE

The following day a stern battle took place between two of the Liberal members of the committee, Messrs. Ralston and Valance, and the chairman, Premier Bennett. Mr. Ralston insisted that the committee be given details of the operations of Mr. McFarland, and that, as Mr. McFarland was at the time sick, the details should be given by Mr. George McIvor, one of Mr. McFarland's assistants, and declared he was ready to stay there a month to get them. Premier Bennett, however, refused point blank to submit the details asked for while Mr. McFarland was sick and unable to defend his actions. The Premier suggested a royal commission to go into the operations after Mr. McFarland's recovery. Mr. Ralston replied: "That would be after the bill had become law and the board formed. They were taking a very important step and the committee should have full information as to whether Mr. McFarland's policy had been the right one, and whether it should be continued by the new board."

During this session Mr. Bennett cross-examined Mr. Roy Milner on the figures he had presented in his brief the previous day and drew from him an admission that if Mr. McFarland had chosen to demand delivery there would have been found a shortage of slightly more than 25,000,000 bushels. In reply to Mr. Bennett's statement that there was no one but Mr. McFarland to take the hedges, Mr. Milner contended that the failure to take the hedges was "a result of the co-operation of the exchange in the policy of the government." In other words, he held the government responsible for the failure of the usual hedging operations. He further maintained that the short interest was legitimate



hedging; and charged that Mr. McFarland's operations, by holding the price above the market price, had "been a deterrent to export."

One of the most interesting witnesses to appear before the committee, because of his official position, was Mr. R. S. Law, President of the United Grain Growers, Ltd. Owing to the relations of the U.G.G. with the pool movement over a period of years, and the fact that it is, in the main at least, a farmer-owned company, it will be of special interest to note the attitude of the company, as expressed by Mr. Law, towards the proposed grain board. After outlining in some detail the progress of the Western Farmers' movement, Mr. Law said: "In the whole record there is not one thing to suggest that farmers desire to see appointed a Dominion grain board for the operation of elevators. Instead, there is everything to suggest that they desire to operate their own elevators through their own institutions. They would resent seeing a grain board enter into competition with their elevator systems, or being forced to conduct their own institutions as agents for a grain board." He went on to say that farmers would resent anything that would weaken the control exercised by the Board of Grain Commissioners, and recommended on behalf of his company that "any reference to the operation or control of elevators be eliminated from the proposed bill." He expressed a doubt whether it would be competent for Parliament to enact legislation on the subject that would stand the test of the courts. He contended, however, that the board must have the power to control the marketing of wheat and that, as it would probably have to protect the price of wheat, it should have the power to buy and sell. He believed, further, that any losses sustained by the government in the handling of the carry-over by Mr. McFarland, must be a continuing government responsibility and should not be absorbed from the price due to farmers for the marketing of the 1935 or any subsequent crop. He believed that, under present conditions, "a system of participation certificates could not work satisfactorily." Finally, there should be no interference with the marketing of coarse grains; a special regulation of short selling in the futures market should be introduced by the Winnipeg Grain Exchange under a government market supervisor; and an aggressive campaign should be undertaken to enlarge the market for Canadian wheat."

Mr. L. C. Brouillette, President of the Saskatchewan Wheat Pool and the Central Selling Agency, gave emphatic support to the government wheat board bill. He believed the proposed board was necessary to take over the present government holdings of 225,000,000 bushels. He proposed that a fixed minimum price should be paid to the producers, instead of the instalment system of payment provided for in the bill. He thought this change could be made by an amendment to the bill, but would prefer that

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the bill retain the instalment system if an effort to change it would imperil the bill. Mr. Brouillette expressed vigorous opposition to the futures market at Winnipeg which, he believed, was not to the advantage of the producers.

In answering the charge that the policy of the wheat pools and the stabilizing operations were responsible for the present situation, Mr. Brouillette asserted that if Canadian prices were dropped to bankruptcy levels for Canadian farmers, other exporting countries might offer their wheat at still lower levels, without any increase in the volume of world trade, and he quoted a study by the Economic Section of the League of Nations in support of this view, which suggested that the problem might be the more easily solved if exporters could organize themselves so as to avoid the unco-ordinated and ruinous competition. In answering a charge made before the committee that the suggested grain board "would appear to be a fulfilment of the ambitions of the more extreme advocates who have favoured a 100 per cent compulsory pool," Mr. Brouillette pointed out that a petition had been signed some two years previous to that time by 107,000 Saskatchewan farmers asking for a national wheat board, and that a conference of Western pools, prairie premiers and presidents of the Anti-Compulsory Pool Associations of Saskatchewan and Manitoba, which met in Saskatoon in May, 1931, unanimously approved the formation of a Dominion wheat board; also that many thousands of farmers who had never joined the pools or patronized their elevators were just as strongly in favour of a national wheat board. They realized, he said, that the task of a national wheat board would be one of very great difficulty, but it would be in a much stronger position to handle the problem than a host of small traders, or international exporters, whose only interest was in the volume of wheat they handled, irrespective of its origin.

In reply to questions at the conclusion of his statement, Mr. Brouillette said that while they were prepared to accept the bill as it stood, the pools would prefer an initial payment which, in effect, would be a minimum price. He further asserted that Canada had taken a position of leadership in seeking international co-operation in wheat marketing that would bring her credit when the history was written. He denied a statement of Mr. Ralston that a government monopoly of wheat in Canada would be regarded by outside buyers as a plan to force them to pay whatever price the board demanded. Referring to the closing of pool agencies in Great Britain by Mr. McFarland to allay alleged antagonism on the part of British agencies, Mr. Brouillette stated he had had correspondence regretting the closing of the agencies, and had turned it over to the Department of Trade and Commerce.

## THE STORY OF 'TWENTY-NINE

At this stage we must introduce a witness, Mr. Paul F. Bredt, President of the Manitoba Pool Elevators, Ltd., and director of the Central Selling Agency, whose evidence, because of its nature and importance, we propose to give in considerable detail.

On several occasions we have referred to charges by various members of the grain trade that the pools had held up the market in the year 1929, refusing to sell even on July 27th and 29th of that year, when the price of wheat on the Winnipeg market was \$1.78 $\frac{3}{4}$  and \$1.78 $\frac{5}{8}$ , respectively. These statements were even broadcast in Great Britain where they were likely to do a maximum of damage to the pools.

In beginning his evidence, Mr. Bredt referred to some of the statements made by opponents of the pools, and declared that whatever the statements might be, "they always seem to be made with one intention, to blame the pools for all that has happened, and for all the difficulties we are in." Referring to a statement by Mr. Richardson that the pool had been built up on a promise that, with proper organization, the wheat producers would dictate prices to consumers, Mr. Bredt said that while in the early days some leaders did make statements that left wrong impressions, as would occur in any movement, he declared that no one could produce any official statement of the board expressing such views; and he quoted from an address given by him some years previously before the board and their employees, in which he stated categorically: "There never has been on the part of our pool executive or management any idea or intention of price control or monopoly"; and, further, that "the pool expected to get a price sufficient to compensate the grower for his labour, and to ensure him decent living conditions; and, again, 'it is recognized and admitted that such price is based upon prevailing world market quotations, having due regard to parity values.'" If, he said, it was a crime to endeavour to secure those things for the producer, "then I plead guilty to the charge."

After a further reference to "the hoary chestnuts dragged out again and again" with the one intention of damaging the pools, Mr. Bredt went on to deal with the figures as to the carry-over. "I am quoting figures now," he said, "for the last two pool years, 1928-29 and 1929-30. In 1928-29 the total Canadian carry-over was 127,000,000 bushels, and the pool's share of that carry-over was 41 per cent. Now, the percentage of the total handlings of the pool was 51.3 per cent. In that particular year I submit that the pool had less than its proportionate share of the carry-over." In the course of the discussion as to the correctness of the amount of the carry-over, Mr. Richardson having given it as 92,000,000 bushels, Mr. Bredt stated that the figures were the same for the two successive years, viz., 127,000,000, and were

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compiled by the Leyland-Stanford University. Continuing, he said the carry-over in 1929-30 was again 127,000,000 bushels and it was rather a coincidence that the handlings of the pool were again 51.3 per cent, as in the previous year. "Does this indicate," he asked, "that the pools were responsible for the large carry-over?"

In further proof of the efforts of the pool to sell actual wheat, Mr. Bredt stated that in the months of July, August and September, 1929, there was a violently fluctuating market, and they had tremendous competition from Argentina, the spreads being 25 and 30 cents per bushel. They tried their best to sell, but found it simply impossible. If they lowered their prices, the Argentines would drop theirs just in proportion. Out of 76 marketing days in those three months the pool offered wheat from  $\frac{1}{8}$  to  $6\frac{1}{4}$  cents under the market price on 52 days, and could not sell any extra wheat. If they could have retained the rate of sales they had from September, 1928, to April, 1929, they would have had little or no carryover. But, owing to the tremendous competition from the Argentine, their sales fell off by approximately one-half. On one day in particular, said Mr. Bredt, the price of October futures dropped 10 cents, from \$1.65  $\frac{1}{8}$  to \$1.54  $\frac{7}{8}$ . For a few days, therefore, they did not offer any wheat in order not to further depress the price. As business men they felt they should let the market steady. That may have been taken as a policy of holding wheat, but what would any business man have done under similar circumstances? It was known to everyone, Mr. Bredt continued, that they were holding considerable quantities of wheat, and immediately they had stepped in and sold futures, everyone else would have jumped in and they would have had one of the greatest marketing debacles they had ever had. Those who were opposed to the pool would then have accused them of creating that situation. That their policy had been successful was proved by the fact that their share of the carry-over at the end of the year was less than they were reasonably entitled to. That was borne out by the publication "*Wheat Studies*," of the Food Research Institute of the Leyland-Stanford University in December, 1930, which stated: "It is clear that for the year 1929-30 as a whole the pool cannot be alleged to have taken less than its share of Canadian sales of wheat."

In summing up, Mr. Bredt said he had shown that in the two crop years, 1928-29 and 1929-30, pool carry-overs were less than they were entitled to. He had produced evidence that they were actual sellers of actual wheat overseas from July to September, 1929; they had Hon. J. H. Thomas' statement denying any charge of pool holdings and, finally, the statement just quoted from "*Wheat Studies*." "Now, surely," he said, "these





facts should stop the attack on the pool holding policy, the charge of the pools being responsible for the large carry-over, once for all."

On the following day, acting on the suggestion of Premier Bennett, and with the consent of his colleagues, Mr. Bredt placed before the committee figures which, he said, had never before been given out, even to their own delegates, showing in detail the export offers of the Central Selling Agency in comparison with market prices on each marketing day during the months of July, August and September, 1929, the period during which the pool had been repeatedly charged with holding up the market for a higher price. These figures showed that, out of 76 marketing days during the three months in question, the pools had offered wheat for sale on no less than 52 occasions below the market price, on two days at the market price and on only fourteen days at more than the market price; and there were only eight occasions on which they failed to make any offer.

On eleven market days, from July 17th to 29th, inclusive, the pools adopted a policy of offering a fixed price of \$1.72 per bushel in an effort to steady the market, but without effect, and this led to their offer on July 20th being 10 cents over the market, which, as Mr. Bredt pointed out, "appears almost ridiculous." On six of those days the pool offers ranged from  $1\frac{3}{4}$  cents to  $6\frac{3}{4}$  cents below the market price, and on the remaining four days—that is, excluding the one day already mentioned—the pool price ranged from 2 cents to 4 cents above the market. Yet, whatever course was taken, that is, whether the wheat was offered below or above the market, or withheld altogether, it made no appreciable difference to the sales, owing to the ruinous competition of Argentina.\*

Questioned as to the matter of export sales, Mr. Bredt stated that when the pools went out of the export business in 1930 much resentment was expressed by their members in the country, and he, personally, would be very disappointed if the board, when set up, did not have the power to go into the export business. The pools, undoubtedly, would have continued in the export business but for the fact that they came to a point where they had to rely upon some outside agency to assist them, "and whenever that happens financially," he said, "you are not master in your own house." This "outside agency," of course, referred to the government guarantee due to the overpayment on the 1929 crop. While their facilities were mortgaged as security, he declared, no pool that comprised only 50 or 60 per cent of the producers was strong enough to go into the export business. It was, therefore, essential that the crop be handled by a board that had the financial backing of the whole country.

\*The Western Producer on August 15th, 1935, published the detailed figures bearing out Mr. Bredt's statements.

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### CLOSED AGENCIES AN ERROR

Arising out of the discussion that led to the above statements, Mr. Bredt said he felt obliged to make reference to the correspondence mentioned by Mr. Brouillette as having been received from overseas millers following the closing of the pool's overseas agencies. One letter in particular, received from one of the largest millers in Great Britain, expressed the opinion that from December, 1930, to April, 1931, they could, undoubtedly, have bought more Manitoba wheat had the agencies still been open, and declared that they were interested in the Canadian pools. Letters from German millers stated that since the pool agencies were closed, Argentine and American shippers had taken up that branch of the trade, exacting much higher premiums and declared they would be glad if the pools would take steps to re-establish themselves. While in Germany in 1929 he was told personally by millers that they preferred to do business with the pools, because they had wheat in any quantity and of any grade always available. French millers also declared they preferred to deal with an organization such as the pool, because of the guarantee of grades on final invoice, which they found it more difficult to secure from other sellers, and the desire was expressed that the pools would soon be doing business in Paris as before. In conclusion, Mr. Bredt submitted figures to show that in three out of the last four years of the operations of the pool, British millers bought more than half their total supplies from the pools. Results such as those, said Mr. Bredt, did not indicate antagonism to the pools. Indeed he might well have dealt with the matter from a positive rather than from a negative angle, and declared that it was a thorough endorsement of the action of the pools in establishing overseas agencies, and that the closing of the agencies was a mistaken policy.

Dealing with the matter, Andrew Cairns, who was at the time Wheat Pool Statistician, was reported in *The Western Producer*, in July, 1931, as having declared, following six months' observation in 17 European countries, including Russia, that sentiment abroad was extremely favourable to the Canadian pools, and that his investigations had "failed to reveal one iota of evidence to substantiate the report that Canada or her national marketing organization had antagonized Europe." On the contrary, he found governments anxious to give all possible assistance to the extension of producers' co-operatives, "in many cases advising them to emulate the producers' co-operative movement of Canada." What opposition there remained at that time, in fact, appears to have been on the part of the grain trade, and not of the milling interests or governments.



There are still two other witnesses to whose evidence some attention must be given, viz., Mr. Robert Findlay, Treasurer of the Central Selling Agency, and Mr. George McIvor, assistant to Mr. McFarland in his stabilizing operations.

Mr. Findlay stated that on May 11th, 1935, the Canadian Co-operative Wheat Producers held 228,562,000 bushels of wheat at an average cost of 85.942 cents a bushel, due to the operations of Mr. McFarland on behalf of the Dominion Government. To have taken over the responsibilities of the Canadian Co-operative Wheat Producers on May 31st, he said, would have cost \$52,000,000 in cash, and obligations of around \$154,000,000. These figures were based on the assumption that the whole of the 228,000,000 bushels to which the company was committed on that date would be taken over by the new board.

There were times, he continued, when a considerable paper profit could be shown, and at other times a large deficit. There were net obligations to the bank as high as \$17,712,000 on April 30th, 1934, and a credit balance of \$14,807,000 on July 31st of the same year. The latest figures on June 22nd, 1935, showed net obligations to the banks to be \$11,621,000. To avoid any loss to the government it would be necessary to sell all the holdings at five cents a bushel over the market price at that time.

At a later session Mr. Findlay revised his figures, and gave the total liability as about \$190,000,000. The difference was due to the fact that the higher price had been based on all No. 1 wheat at 85.9c a bushel; but in the usual course all the options would not be satisfied with No. 1 wheat. The new board would hold over 50,000,000 bushels of cash wheat, and options on the balance. Assuming the usual range of grades was taken the average cost would be 83.34 cents.

Mr. McIvor, the last witness we shall deal with, stated that, owing to Mr. McFarland's operations in the wheat market, Western farmers had benefitted to the extent of \$200,000,000. He estimated the price had been increased on an average by 15c per bushel since 1930 by government stabilization. In reply to Hon. Charles Stewart, member for Edmonton, who insisted it was a wild guess, as they had sold only 50 per cent of the total exports, and had had to take the world price, Mr. McIvor said while that was the case, their operations raised the total of all sales and had considerable to do with regulating the world price itself. Mr. McIvor denied the contention of the grain trade that there was no short interest in the Winnipeg market. His analysis of the figures they presented of the Canadian visible and, having in mind the amount of wheat on hand for stabilization purposes, left no question of doubt that there was a large short interest. This was also borne out by a telegram received by the committee

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from Mr. McFarland, who made it clear that there was not the amount of wheat in the country to which the government was committed.

A prepared statement was read by Mr. McIvor dealing with the operations of the stabilizing agency in June and July, 1933. Prices had been moving upward, he said, through June and, by July 1st, Mr. McFarland decided it was safe to sell. From that date to July 17th he sold 27,000,000 bushels, which brought his surplus down to 42,627,000, in addition to 76,000,000 taken over by him from the pools at the start of his operations for the government. On the 19th of July the Chicago market crashed, bringing United States sellers on to the Winnipeg Exchange and forcing a wide break in prices. This compelled Mr. McFarland to buy huge quantities, on one occasion as much as 15,705,000 bushels in a single day. Mr. McIvor took exception to the statement that it would involve a liability of more than \$190,000,000 if the new grain board took over all the wheat held at that time by the agency. That would assume that the wheat had no value whatever.

In reply to a question by Premier Bennett, Mr. McIvor said that, under the then present conditions, the futures market was injurious to the marketing of the wheat crop; but he saw no reason why the export business could not be done through the export houses. Government guarantees to the banks to cover the market-supporting efforts of Mr. McFarland had ranged from 75,000,000 bushels in 1932 to a maximum of 235,000,000 bushels. Guarantees were revised from time to time on the joint recommendation of Mr. McFarland and the banks. He asserted that no other course could have been pursued than the one that had been followed without leading the market and industry to probable destruction. He agreed with the statement of Mr. Bredt that any attempt to sell stocks at sacrifice prices would have forced the price down to levels which would have been ruinous to the producer without benefitting anybody, as Argentina always dropped the price, maintaining a spread of around 20 cents a bushel. Shifting accumulated stocks from one country to another would not help the situation. The depressing effect would be felt in the market wherever they were. Further, he said, selling at a low price would result in increasing import restrictions in importing countries to protect their own producers. The Argentine crops would always be sold, whatever the price, because they have no storage facilities. Canada had a storage system for a definite purpose, and it was being properly used. By holding wheat for a price, Canada had secured a better price for producers, and kept the industry from demoralization. To have unloaded the wheat at distress prices would have been to place the commodity in a position where it would not have been an asset to anybody.

## CHAPTER NINETEEN

THE WHEAT BOARD LEGISLATION PROVIDES  
FOR A FIXED PRICE

In its passage through committee, Bill 98, as it was called, was altered very materially. The debate proceeded on straight party lines, with C.C.F. (or U.F.A.) members urging that the compulsory features of the bill as originally introduced be retained, the Conservatives supporting the modified bill as it emerged from the special committee of the House, and Liberals contending that the duration of the board's existence should be limited to one or two years as an emergency measure only.

Let us look at the measure in its final form. It emerged under the title of "The Canada Wheat Board Act, 1935." Notwithstanding this title, however, the sections giving the board power to buy and sell coarse grains produced in the Western provinces were retained in the act, and could be put into force at any time by the Governor-in-Council on recommendation by the board. Clauses 9, 10, 11 and 16, which conferred full powers on the board over the entire wheat marketing system of Western Canada, were also there, but could only be made effective by proclamation of the Governor-in-Council. As stated by Premier Bennett, however, these clauses, "once put into operation, could not be repealed except by legislation." So far as the question of compulsion was concerned, therefore, the measure was a compromise as between the demands of the Alberta members who supported the wheat pools, and those of the Liberals, who gave their support to the proposals of the grain trade.

There was, however, no limit placed on the life of the board, although an effort was made by the opposition to limit its operation to August 1st, 1936, as it was intended by the Government to be a permanent institution. It must, therefore, continue in force unless and until repealed by Act of Parliament. The measure was also a compromise with respect to the marketing of coarse grains, which matter was left in a similar position to the question of complete control. Further, it placed upon the board the duty of marketing the wheat crop, but, by limiting it to purchases from producers only, effectually prevented it from entering the market, and therefore from carrying on stabilizing operations as had been done by Mr. McFarland on behalf of the government. It laid upon the board the duty of fixing the price of wheat, which price was to be paid to all producers at the time of delivery, it being required at the same time that a certificate be issued indicating the number of bushels purchased, and the quality, grade and price, which would entitle the producer to share on an equal basis

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with others delivering wheat of the same grade, quality and price in any balance left after all wheat of the same crop was disposed of, and after all expenses had been met.

Speaking in the election campaign in the fall of 1935, Premier Bennett gave the credit to the pools for the inclusion of the fixed price in the legislation. The original bill, he said, had provided for an initial payment, but pool representatives preferred a fixed price, and it had therefore been included.

Further, the board was to take over from the Canadian Co-operative Wheat Producers, Ltd., all wheat, or contracts to take delivery of wheat in respect of which the government had given a guarantee, and its operations must be carried on "with the object of promoting the sale and use of Canadian wheat in world markets." To this end the board was directed to employ "without discrimination" all necessary marketing agencies within its discretion, and to offer wheat continuously in the markets of the world through established channels, thus presumably enabling the board, if considered desirable, to re-establish overseas agencies, a system which was abolished by Mr. McFarland when he took over the position of general manager of the Central Selling Agency. Finally, it gave the board power, with the approval of the Governor-in-Council, to make such investigations as it deemed necessary of the operations of the Winnipeg Grain and Produce Clearing Association and the Winnipeg and Vancouver Grain Exchanges as to transactions in wheat or other grains affecting inter-provincial or international trade, for which purpose the board would have all the authority of a commission appointed under the Enquiries Act.

Commenting on the bill as it emerged from the select committee, and prior to its passing into law, a section of the Sifton press, which had all along been recognized as an advocate of Grain Exchange methods of marketing and just as definitely opposed to the pooling method said: "Out of the Wheat Board Bill debate and the enquiry of the Select Committee has emerged a definite policy of selling wheat aggressively on a competitive footing in the world markets. That is the point of supreme importance in this wheat discussion. . . . This, of course, is a direct reversal of the policy followed by the government up to the present, a definite break with the McFarland method and the Brouillette theory of 'orderly marketing,' all of which have contributed to the creating of the present dangerous position. . . . The government appears to have seen the light in this matter."

The Central Selling Agency of the Wheat Pools, on the other hand, expressed the opinion that the Wheat Board Bill contained all the principles included in the original draft, and that the additional provisions should leave it as satisfactory to the farmers of Western Canada as was the original bill. Speaking

before the annual convention of the United Farmers of Canada in July, 1935, Mr. Brouillette denounced "the misleading report by certain daily papers owned by one of the important families of Canada." Regarding what they referred to as "fundamental changes" in the Act, which by that time had become law, he said "the so-called compulsory features were present in the revised legislation, and were just as capable of being put into effect as in the original measure." In support of his view he declared: "There was no guarantee in the original act (bill) that the board would carry out all its provisions, and if a government unfavourable to the compulsory features were in power, they would not have been carried out." In fixing a minimum price, he said, "The intent should be to set a price in keeping with and approaching the cost of production as farming was entitled to the same protection as other industries." Producers, he declared, had always stood for a policy of freer trade and wider markets, but in the meantime they must live. If the principle of protection was to be maintained, farmers should enjoy a share of it, and not be dependent upon the world market. Mr. Brouillette also criticised a statement by the Ottawa correspondent of the papers he had previously referred to that "the pools were maintaining a powerful lobby at Ottawa to press for marketing control." "At that time," said Mr. Brouillette, "there had been one pool representative in the capital. Had he said the grain trade was maintaining a powerful lobby he would have been more nearly correct." He denied that Mr. McFarland had been appointed to sell wheat. His appointment had been made following the request of the Winnipeg Grain Exchange "for support to stabilize the market." Following Mr. Brouillette's address the convention unanimously adopted resolutions urging the government to bring into immediate effect the compulsory sections of the Act, to close the market before the 1935 crop movement began, expressing confidence in the pools, and appreciating their efforts to alleviate conditions of wheat producers.

#### WHEAT BOARD PERSONNEL ANNOUNCED

In the middle of August, 1935, the appointment of the new wheat board was announced, the personnel being John I. McFarland, chairman; D. L. Smith, vice-chairman; and Prof. H. G. Grant, of Winnipeg. The personnel of the Advisory Committee was as follows: Farmers' representatives, L. C. Brouillette and Brooks Catton for Saskatchewan, Paul F. Bredt, Manitoba, and Lew. Hutchinson, Alberta; grain shippers' representative, Robert McKee, Vancouver; grain trade, S. T. Smith, Winnipeg, and milling interests, Chas. G. C. Short, Montreal.

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Once the board was appointed, interest centred on the amount of the fixed price that was to be set, the U.F.C. insisting on a figure sufficient to cover the cost of production. As the U.F.C. Executive was in session about that time, a deputation was appointed to ascertain the views of the Farm Management Department of the University of Saskatchewan and, following consideration of the cost of living at that time, and also the cost of farm supplies, it was jointly agreed that \$1.06 in store at Fort William would be a reasonable price for No. 1 Northern Wheat. It was pointed out by the U.F.C. that past requests by the association for the fixing of prices by the government had been rejected. As a result, the economic condition of the farming community had grown gradually worse, and it had been computed by Prof. Hope, of the Farm Management Department, that in December, 1933, it would have cost \$140,000,000 for household and farm equipment, building and machinery, repairs, clothing, etc., to restore agriculture to the conditions of 1929. The United Farmers of Canada contended that a price-fixing policy would have put farmers on their feet and have saved the country millions of dollars for relief. The association, however, was again doomed to disappointment. On September 6th, 1935, an order-in-council was passed by the government, on the recommendation of the Wheat Board, fixing the price for No. 1 Northern at 87½ cents per bushel in store at Fort William, corresponding prices for Durum and low grades of wheat being fixed later. The immediate effect on the market was a rise of 3c per bushel. Grain Exchange and Wheat Pool officials considered the price set a reasonable one. In view of world conditions, however, the latter believed a higher price would have been justified.

Nevertheless, there were not only world conditions, but also local conditions to be considered. The 1935 crop season opened under conditions which were ideal so far as weather was concerned, with the result that farmers in the southern sections of the province who had had no crop for several years in succession, were heartened by the sight of splendid stands of wheat of a high grade. During the summer, however, rust began to make its appearance. As the weeks passed it spread with great rapidity and, by harvest time, vast stretches of the country were so badly infected that enormous quantities of wheat were reduced in grade from No. 1 or 2 to 5 or 6 Feed. With the crop only about 50 per cent of normal, and a great proportion of that harvested of very low grade, it was estimated by the United Farmers of Canada that the aggregate price to farmers would not exceed 50 cents per bushel, out of which threshing and all other expenses would have to be paid. The association deplored the fact that not only business men, but farmers themselves had failed to rally behind the attempt to bring about better conditions on the farm and in



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business in general, which would have rendered much of the expenditure on relief unnecessary, and at the same time have tended to improve the morale of the people.

Due to the time required to draft agreements with elevator companies, and for the printing of participation certificates and other documents, the board was unable to commence actual operations until the end of September, 1935. For this reason the board agreed to relieve growers of storage charges then being assessed on wheat intended for delivery to the board, which had accrued since Sept. 1st and up to the date on which cash tickets were issued to growers, but not later than Sept. 30th, and also on wheat in terminal elevators, delivered to the board, and accrued from Sept. 1st to 25th, the date on which the board would be prepared to take over such wheat.

Up to this time matters seemed to be progressing favourably for the producers. When the federal election took place, however, on October 14th, disaster overtook the government, which suffered an overwhelming defeat, thus bringing into power the Rt. Hon. W. L. Mackenzie King. In view of the nature and strenuousness of the opposition to the Wheat Board Bill by Liberal members when it was before the House, it was natural that considerable anxiety should be felt by the farming community as to the attitude the new government might take towards the Wheat Board and its personnel.

Developments followed rapidly. For more than four years the 1930 Pool carry-over had been held and used by Mr. McFarland in his stabilization operations, as a result of which, in the estimation of the Canadian Co-operative Wheat Producers, Ltd., total benefits amounting to between \$150,000,000 and \$200,000,000 had been secured for growers. Owing to the gradual fall in the price of wheat at the time the 1930 crop was turned over to the Pool, some growers had received an initial price of 60c, others 55c, and others again 50c per bushel. It was, therefore, a simple matter of justice, and in accordance with Pool principles, that when the wheat was disposed of these payments should be equalized by a further payment to those who had received less than 60c per bushel on delivery. Indeed, in view of the long wait on the part of those who had received the lower initial payments, it would have been no more than simple justice to deal even more liberally with them.

When the Wheat Board was substituted for the Central Selling Agency, the time had arrived to secure a settlement for the 1930 crop, and arrangements were made by which the Wheat Board would take over the crop on the basis of 60c per bushel for No. 1 Northern at Fort William. It happened that this arrangement was entered into just prior to the election and Mr. Mackenzie King immediately assumed that cheques were intended to reach the

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farmers on the morning of the election—a thing that was utterly impossible, as adjustments had first to be made by the pools in the accounts of thousands of individual members, and he charged that it was a political move to catch votes for the outgoing government. The importance of the matter is evident from the fact that it involved a sum of considerably more than \$8,000,000. On the new government assuming office, however, it was found that an order-in-council had been passed by the previous government on which a note had been made by Premier Bennett making the payment subject to audit, which, in itself, disposed of the idea that payment was intended to reach the individual producers on the morning of the election.

As a matter of fact, payment was not authorized by the new government until late in the month of April, 1936, following the passage of a special act of parliament, and then in a greatly reduced amount, viz., from approximately \$8,262,000 to a total of \$6,860,000, which was to include costs of distribution. Of this amount \$6,509,000 was on account of wheat, and \$351,000 on account of coarse grains. The reduction in the amount was due to the elimination of \$862,000 asked by the pools to cover expenses incurred during the year ending July 31st., 1931, as the government contended they were not responsible for anything that was done prior to that date; and also to a reduction of \$539,000 in the amount asked for coarse grains.

When the time arrived for settlement it was necessary to make certain deductions from individual producers' cheques of amounts which had been assigned. The total amount assigned was \$1,560,795.19, of which \$49,251.86 represented membership fees due to the United Farmers of Canada for the year 1930, while \$30,737.94 was due to *The Western Producer* by way of overdue subscriptions to that paper. These assignments were made voluntarily by means of requisitions on the Pool, and were continuing contracts from year to year, the assignors having the right of cancellation up to November 30th in any year.

No sooner did it become known that these deductions were being made than an outcry was made by the Sifton interests at Winnipeg, and also by a number of Liberal members of the Federal House, who were most likely influenced by the grain trade, that the growers were being deprived of monies that legitimately belonged to them. Little mention was made of other assignees who were to receive amounts far in excess of those going to the U.F.C. and *The Western Producer*, while the two latter were featured in headlines to such an extent as to create the impression on the mind of the public that they were the villains of the piece. The whole thing was so overworked that there could be no doubt it was a deliberate though, as it eventually proved, futile attempt on the part of the grain interests to wreck the farmers' movement. The only

effect was to hold up the payment of these deductions pending an investigation by the Department of Justice, the government eventually acknowledging their validity, subject to proof of claim, in the House.

A more serious matter than this was the constitution, policy and duration of the Wheat Board, as to which there was ground for real concern. Before dealing with this, however, it should be said that Pool officials regarded the appointment of the Canadian Wheat Board as the culmination of 10 years' effort to establish the wheat trade on a "one big pool" basis, and for that reason the boards of the three prairie pools advised their members at their annual meetings to terminate the voluntary pools, which meant that the pool elevators would handle the grain, while the actual marketing would be done by the Wheat Board. In other words, the Saskatchewan Wheat Pool, as well as those of the two neighboring provinces would, for the time being, be merely a wheat collecting and storing agency for the Wheat Board; in the meantime the organization marketing only coarse grains. Whether this would be a permanent arrangement only future developments could show.

### COMING EVENTS CAST SHADOWS BEFORE

About ten days after the election, prices on the Winnipeg Grain Exchange crashed around two cents per bushel. Immediately there were rumours that the Wheat Board had adopted a policy of liquidation, which the board itself at once branded as false, stating that the board "made only small sales on the price advance," the volume of these being such as to have no part in the subsequent action of the market. Further, a statement also appeared in a Winnipeg paper that Mr. McFarland would resign the chairmanship of the board, and another be appointed. This, also, was declared by the board to be "absolutely unfounded." "Coming events," however, often "cast their shadows before," and in no department of life is this more evident or more frequent than in political affairs, in which class the question of the Wheat Board must certainly now be placed.

Commenting on the Wheat Board in its issue of October 31st, 1935, *The Western Producer* said: "When a manager was sought for the Canadian Co-operative Wheat Pools some five years ago, one of the conditions was that the person appointed should be acceptable to the banks, the Dominion Government and the grain trade. The man selected, John I. McFarland, met this requirement. Though the wheat pools anticipated certain reversals of their policies by the new manager, they were not quite prepared for what did happen. It is no exaggeration to say that they were shocked and disappointed when they discovered that almost the first act of Mr. McFarland was to put a stop to direct selling, and

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to close down all the offices abroad, and sever all the foreign connections which it had taken the pools years to establish. Mr. McFarland was a believer in the open market and the established grain trade practices, and the pools, willy-nilly, had to accept the situation as it was, somewhat encouraged by their knowledge that Mr. McFarland was an honest man who could be counted upon to play square. Nevertheless, it is not too much to say that Pool farmers as a whole regarded Mr. McFarland as one of the enemy to be endured owing to the irresistible force of circumstances, but to be replaced at the earliest available opportunity.

"But the passage of the years has changed all this. Working together, gradually, but surely, the Pool members have learned to know and trust Mr. McFarland and he, on his side, has come to understand and cordially sympathise with, if not, indeed, wholly endorse, the ideas on wheat marketing sponsored by the vast majority of the farmers who created the pools."

*The Western Producer* went on to say that if the grain growers of the prairies had been given the task of selecting a chairman for the Wheat Board, Mr. McFarland would have been chosen by an overwhelming majority. This was certainly a remarkable testimony in favour of one who started his task with all the odds against him.

Around the Grain Exchange, however, there was unanimity for a totally different reason. While Mr. McFarland created consternation in pooling ranks when he closed the overseas agencies, he caused corresponding elation in the ranks of the grain trade. Long before he completed his task, however, the attitude of the trade towards him changed no less completely than that of the producers. They became his implacable enemies.

### CABINET ELIMINATES ALL GROWER CONTROL


It was not strange, therefore, that, following the general election, rumours began to fly thick and fast that Mr. McFarland was to be relieved of his position as Chairman of the Wheat Board, James R. Murray, Vice-President and General Manager of the Alberta-Pacific Grain Company being mentioned as his most likely successor. In the meantime, in spite of the existence of an advisory committee on which wheat producers had majority representation, a sub-committee of the Cabinet was appointed to control the policy of the Wheat Board. This committee consisted of the Minister of Trade and Commerce, Hon. W. D. Euler; Hon. Chas. A. Dunning, Minister of Finance; Hon. J. G. Gardiner, Minister of Agriculture, and Hon. T. A. Crerar, Minister of Immigration—a quartette which was not regarded in the West by any means favourably. Mr. Crerar, especially, had been President and General Manager of the Grain Growers' Grain Company, now the United Grain Growers, Ltd., which organization was strongly

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opposed to the control of elevators by the Wheat Board; Mr. Dunning, although speaking in favour of the Wheat Pool at the time of its organization, and assisting it in his capacity as Premier, had been, at best, lukewarm in his support and, naturally, would not regard the Wheat Pool with any greater favour for its having later absorbed the Saskatchewan Co-operative Elevator Co., Ltd., of which he was formerly general manager, in the year 1926, while Mr. Gardiner was strongly suspected of being much more favourable to the private grain trade than he was to the Wheat Pool.

There was, of course, no mistaking what lay behind the appointment of this special committee, and there was no manifestation of surprise—though there was intense disappointment and great indignation—when it was announced that Mr. McFarland and his colleagues on the Wheat Board had resigned, and that the Advisory Committee had been dissolved, thus eliminating entirely any vestige of grower control. The public, however, was not left long in doubt as to what had actually happened to the board, as Mr. McFarland issued a press statement on December 12th, in the course of which he said: "Events over which I had no control now prevent me from completing this year's operations as chairman of the wheat board. After battling through these stormy years, I feel quite certain the people of this country are well aware that I am not voluntarily deserting the ship when we are so near the conclusion of a successful voyage." He further stated that, despite the criticisms that had been directed against him, "our farmers have received an average of almost 80c per bushel for No. 1 wheat delivered Fort William, for every bushel produced in the last three years," and this applied whether they were pool-farmers or non-pool-farmers.



## CHAPTER TWENTY

### ARGENTINA STARTLES THE WORLD

In the meantime the members of the new wheat board had been appointed as follows: Chairman, James R. Murray,\* of Winnipeg, Vice-President and General Manager of the Alberta-Pacific Grain Company, Ltd.; Vice-Chairman, George H. McIvor, a former manager of the Central Selling Agency of the Western pools; and Dean A. M. Shaw, head of the faculty of agriculture of the University of Saskatchewan, Saskatoon. Again, it may be said that "Coming events cast their shadows before." No sooner had the appointments been made than it was announced by President Murray of the University of Saskatchewan that Dean Shaw had been granted leave of absence, and that he would probably return to his duties in eight or ten months, which corresponded fairly well with the date which the Liberal opposition, when the Wheat Board Bill was before the House, desired should see the termination of its duties; and a few days later a similar announcement was made with regard to Mr. Murray, viz., that his company had granted him leave of absence.

Commenting on the change in personnel, *The Western Producer* said: "It is no use blinking the fact that in ignoring the advice and suggestions of the farmers, the Government has administered the sharpest rebuff that organized agriculture has suffered in many a year." The paper went on to state that in 1931 the Bennett Government "had no more desire or intention to establish a national grain marketing board than they had of flying to the moon." They had been forced to that decision by "the continuous, unrelenting pressure from the producers of the west," and by "the gradual unfolding of events which corroborated at every stage, and more emphatically as time went on, the primary contention of the pools that the speculative marketing machinery as represented by the Winnipeg Grain Exchange had collapsed beyond hope of repair, and something must be built to take its place. It was only when events had made this fact plain that the Bennett Government became resigned to the inevitable and decided to establish a wheat board."

While the board had had the endorsement and full confidence of the producers, *The Western Producer* continued, the new board had been appointed without any effort being made to secure the approval of the farmers, the advisory board had been abolished and every vestige of connection between the organized producers and the board had been severed. For these things it held Messrs. Crerar and Gardiner responsible.

\*In 1920 Jas. R. Murray was appointed a member of a committee of the Canadian Council of Agriculture which reported in favour of pooling principles. See page 27.

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On December 13th, Argentina startled the world by unexpectedly announcing a minimum price of 90 cents, or around 76 cents at the prevailing exchange rate on Argentine pesos. This meant a rise of 19 cents a bushel, and was due to a shortage in the Argentine crop. Prices shot up on the Winnipeg market the full three cents allowed in any one day, and there was a rush to buy on the part of British and European millers. Buyers on the Liverpool market were reported to have cancelled orders for Argentine wheat in favour of that of Canada, while everything that was offered at Winnipeg was at once snapped up, the sales being variously estimated at from 10,000,000 to 25,000,000 bushels for the day.

This tremendous change in the situation could not fail to be of immense benefit to the new board, and both Mr. Euler and Mr. Gardiner acknowledged that it would help to solve their problem. Speaking on this point to *The Winnipeg Tribune* a few days later, Mr. McFarland declared that "selling wheat was a picnic now, with world carry-over down to normal." The problem which now presented itself, he said, was what was to be the policy of the board in order to avert an early recurrence of the problem with which he was faced five years before. He pointed out that the world carry-over had been reduced from 1,280,000,000 bushels on Nov. 29th, 1930, to 600,000,000 bushels on the same date in 1935. He referred also to enormous short sales in the Winnipeg futures market awaiting a smash in prices as a result of the "vicious propaganda" that had been carried on, and said the public had a right to know whether these destructive short sellers had been "rescued from their predicament by the reported enormous sales made in the pit by the Canadian Wheat Board, much of which was sold at less than prevailing pit quotations, and all of it at much less than Argentine values."

On the day following, December 14th, *The Wall Street Journal*, commenting on the situation said, in part: "The Canadian Grain Board showed its co-operation with exporters, particularly the small ones, that had made definite price offers overnight, and thus were unable to cancel offers in time, by allowing them to take in their futures hedges  $\frac{1}{4}$  cent over Thursday's close with the government body. Had this not been done, the small shippers would have been in a plight, for Winnipeg wheat futures opened up the permissible three-cent trading limit and remained hid there all day. Thus, an exporter who had sold his wheat abroad on overnight acceptance, at a fractional price advance, would have been hard pressed to cover his futures hedge and wind up the transaction, even at the three-cent limit."

It was scarcely to be expected, of course, that the government would allow this to go unanswered. Speaking at Kipling, in the Assiniboia federal constituency, which he contested early in

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January, 1936, in order to secure a seat in the House of Commons, Mr. Gardiner declared that "there was nothing to the stories of wheat being sold at a low price at Winnipeg to oblige the 'shorts.' The books of the grain companies with respect to buying and selling were audited daily by the wheat board auditors, and the wheat board knew what was happening." He also claimed that the new board, as a result of the better feeling existing in Europe owing to their getting rid of the McFarland board, was making large sales of wheat even before Argentina had raised her price.

In spite of Mr. Gardiner's claims on the latter point there was every indication that any increased sales that might have taken place were due almost entirely to the rapidly changing world conditions because of which wheat stocks were gradually being depleted. Even Mr. Gardiner himself, some three weeks previously, as we have already noticed, was willing to admit that the conditions we have mentioned "would help to solve Canada's wheat problem." In justice to Mr. Gardiner, however, it must be admitted that there was some amount of truth in his claim, as the prejudice against the Wheat Pool fostered in Great Britain by a section of the wheat trade in 1929, and by the traditional antagonism of the trade to any effort of the growers to control the sale of their own products, had not entirely subsided. Moreover, it is impossible to overlook the fact that any decrease in trade prejudice that may have taken place coincided with the complete repudiation by the government of all grower representation on the board or the advisory committee, and the stipulation that all sales must be conducted through ordinary trade channels. What sales results were therefore secured had, seemingly, been secured through the complete capitulation of the government to the grain trade, and this in spite of the fact that three of the four members of the cabinet committee were not only distinctly and closely identified with the West, but owed the high positions to which they had attained in the councils of the nation to those with whom they had thus broken faith, viz., Mr. Crerar, who owed his chance in life to the late Mr. E. A. Partridge, of Sintaluta, who, recognizing his abilities, secured his services as first general manager of the Grain Growers' Grain Co., now the United Grain Growers, Ltd., Mr. Dunning, whose opportunity came through the Saskatchewan Grain Growers' Association, and the general managership of the Saskatchewan Co-operative Elevator Co., Ltd.; and Mr. Gardiner, who was elected to the Saskatchewan Provincial Legislature by the votes of the very class who stood to gain most by the complete control of the marketing of their own products. The government, through them, now appeared to be opposed not only to the pooling principle, but also to any form of producer control of the cereal crops of the Dominion.





## McFARLAND BOARD FORCED INTO RETIREMENT

To complete the picture, we must here quote a telegraphic statement of Mr. McFarland during the Assiniboia election campaign, as to the manner of his exit from the wheat board. "Incompetence," he said, "has never been suggested by the government. Government claimed a persistent sales resistance in world's markets which was based on antagonism to old board, and they requested our resignations. We disproved their charge by using Dominion Bureau Statistics which show Canadian exports this season comprised a greater percentage of world trade than in recent years, and we refused to resign on a false charge. We were then forced into retirement by order-in-council. These are facts which are before me in writing."

This, of course, was a direct challenge to statements made by Mr. Gardiner, and is deserving of examination. When the Dominion Bureau of Statistics issued its monthly report on wheat sales, in January, 1936, some interesting figures were disclosed. Taking the four months, August to November, 1935, inclusive, under the McFarland board, and the month of December under the newly-appointed board, we find that export sales of wheat for the month of August, 1935, were 21,698,284 bushels, or approximately 8,000,000 bushels more than the average for the corresponding month in the three previous years; in September the sales were 4,000,000 bushels below the average; October showed an increase of approximately 500,000; and November an increase of 3,500,000 bushels. The net increase over the whole period as compared with the average for the three previous years was a little over 7,500,000 bushels. Taking now the month of December, 1935, the export sales under the new board were 17,043,882 bushels, as against an average for the three previous years under Mr. McFarland's control of 20,843,380 bushels, a decrease of no less than 3,799,507. Further, the average monthly sales for August to November, 1935, inclusive, under the McFarland board were 23,616,418 bushels, as compared with sales under the new board for the month of December of 17,043,882, a decrease of 6,572,536 bushels. From each of these points of view, therefore, the theory of sales resistance broke down completely, and removed the only ground advanced by the government for its dismissal of Mr. McFarland and his colleagues.

While the new board claimed to have sold 43,000,000 bushels during the first two weeks of its operations, it will be recalled, as stated above, that only 17,043,882 bushels were exported from the Dominion during the entire month of December, 1935. Independent altogether, therefore, of any sales that may have been effected during the remainder of the month, it seems pretty clear that at least 26,000,000 bushels of the wheat

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sold by the board remained in the Dominion and would, therefore, have no effect on the Canadian surplus.

However, owing to the general dissatisfaction which existed with regard to the entire wheat situation, it was decided by the government to appoint a special parliamentary committee to enquire into the operations of Mr. McFarland and those of the new board, and particularly into the charges that the board had protected exporters when the Argentine price advanced on December 13th, 1935.

This committee met in the early part of April, 1936, the principal witness being Mr. J. R. Murray, the chairman of the Wheat Board. In the course of his evidence, Mr. Murray declared that between October, 1934, and June, 1935, Mr. McFarland had many opportunities to catch the "shorts," and make them pay heavily for their speculation, as he held futures contracts for more wheat than the visible supply of the country. All he needed to do, therefore, was call for delivery, in which case he would have had the "shorts" at his mercy; but he declined to punish the speculators, voluntarily switching his futures contracts from month to month until Premier Bennett introduced his wheat board legislation in June, 1935.

There was never any denial, except by the grain trade, that such "short" interest existed. This was freely admitted both by Mr. McFarland and his assistant, Mr. McIvor, before the parliamentary committee appointed by Premier Bennett in the previous year. This evidence was dealt with in an earlier chapter. It is worthy of notice here that Mr. McIvor insisted during the former enquiry that "no other course could have been pursued than the one that had been followed without leading the market and industry to probable destruction." In the face of such a statement by one who was now one of his colleagues on the board, it is difficult to understand what Mr. Murray hoped to gain by his criticism of Mr. McFarland's treatment of the "shorts." The whole of Mr. McIvor's evidence on that occasion is worth recalling in this connection.

It was further stated before the committee that Mr. McFarland had bought 10,136,000 bushels of futures from August 14th to October 16th and the Wheat Board records presented by Mr. Murray showed that 5,792,000 bushels of this amount were purchased following the fixing of the price of wheat at 87½ cents on September 6th. As the act provided that the board could make purchases only from the producers, it was charged that Mr. McFarland had overstepped his duty. As, however, he was acting in a dual capacity, he made these purchases on behalf of the Canadian Co-operative Wheat Producers, Ltd. The result of these purchases, it was charged, was that the board was compelled to

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take over from the Wheat Producers 10,000,000 bushels more wheat options than would otherwise have been the case.

It would have been the merest act of justice to Mr. McFarland to have given him an opportunity to place his side of the story before the committee; but politics, which had been the bane of the entire wheat policy of the Dominion for several years past, was again allowed to intervene. Rt. Hon. R. B. Bennett, who was a member of the committee, suggested that Mr. McFarland be called, but he declined to move it because, as he said, he had "tried to keep this investigation free from political implications," but the manner in which the evidence relating to his actions had been brought out, "and the talk that had been going on in the street," had decided him against introducing a motion for that purpose. His statement led to protests from other members of the committee, who declared that if Mr. Bennett would move it they would support it. The fact remains, however, that if they had been anxious to do Mr. McFarland justice they themselves could have introduced the motion. That they did not do so seems to detract seriously from their sincerity of purpose.

In making the claim that large sales of wheat were made immediately the new board took charge, whether intentionally or not, the impression was undoubtedly created in the mind of the public that these sales were in reduction of the surplus. This, however, was by no means entirely the case, as we have already shown, and Mr. Murray himself admitted before the committee that they had no knowledge as to the amount of wheat sold by the board that left the country. To the extent, therefore, that this wheat remained in the Dominion, cluttering up the market and keeping down the price, the board undoubtedly failed in the very purpose for which it had been appointed, which was to reduce the Canadian surplus.

On making its report the Parliamentary Committee fully exonerated the Murray Wheat Board from all charges arising out of the sales made by it on December 13th, 1935, and unequivocally approved the selling policy of Mr. Murray, which was declared to be in strict conformity with the Wheat Board Act of 1935.

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### CHAPTER TWENTY-ONE.

#### THE PAST AND THE FUTURE

We must now review the operations of the Pool for the crop year 1934-35.

It will be remembered that, though the members were released from their contracts in the crop year 1931-32, they still had the option, if they so desired, of marketing their wheat through a voluntary pool and, while by far the larger proportion of the crops since that time, due to the enormous difficulties which prevailed over the entire West, were sold direct, a fair amount of wheat was pooled each season until the government wheat board was established, when pooling was discontinued.

During the crop season of 1934-35, however, with which we are now dealing, the voluntary pool was still in operation, and there was marketed a total of 1,639,265 bushels, on which a price of 80 cents a bushel, basis 1 Northern, Fort William, was paid. Payment was, as usual, made by instalments, the initial price being 50c, with interim and final payments of 15c each. This payment, compared with 68.7 cents per bushel the previous year, and 49.7 cents in 1933, thus showing a gradual rise in price from year to year.

In view of the discontinuance of voluntary pooling, the present seems an opportune time to take stock, as it were, of the accomplishments of the pool, and to compare the results of its operations in the year 1935, as far as is possible under the altered conditions, with one of the earlier years when the pooling system was in full effect. The most appropriate year for this purpose, perhaps, is the year 1926-27 when the enthusiasm of the members for the pooling system was at its height, when shipments through the Pool were at the peak, and when the Great Depression, with all its devastating consequences, still belonged to the future. In this way it will be possible to form some more or less accurate idea of the degree of loyalty displayed by its members to the great organization they had built up and sustained through the trying years the depression had brought in its train.

It would be useless, however, to make any comparison of the volume of wheat in bushels actually pooled in the two years in question. In the year 1927 pooling was compulsory; in 1935 it was voluntary. The year 1927, again, was a year of considerable prosperity, while 1935, following the most serious depression in history, was itself one of a series of disastrous crop years. For these reasons the year 1935 would seem to be an ideal year in which to put the loyalty of the members to the test.

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As far as the volume of trade is concerned, the only practicable method of comparison, owing to the tremendous variations in the volume of the crop from year to year, is to take the percentage of the total crop of the province marketed through the pool system in each of the two years.

In 1927, then, 57.7 per cent of the entire wheat crop of the province was marketed through the Pool; while in 1935 the percentage handled was 44.59 per cent.

Taking into consideration the factors already mentioned—economic conditions which forced the great majority of the farmers to sell direct for cash immediately after harvest, the constant propaganda of the private grain trade against the pools, and the fact that members had been released from their contracts—it is significant that the percentage of wheat marketed through the Pool elevator system had dropped only around 13 per cent from the peak year to the last of six years of depression and crop failure, surely a remarkable proof of loyalty to their organization.

Coming now to the handling facilities of the organization, the number of country elevators owned by the Pool in the year 1927 was 588, of which 451 were acquired by purchase from the Saskatchewan Co-operative Elevator Company, Ltd., and in addition three terminal elevators, one of which was located at Buffalo, in the United States. Through these facilities the organization handled, in the words of the Annual Report, "the greatest quantity of grain ever handled by a single organization through its own facilities in any country in the world." By the year 1935 the number of country elevators had increased to 1,082, of which 1,007 were actually in operation during the season. The total storage capacity of the country elevators in this year was approximately 36,400,000 bushels, as compared with 27,000,000 bushels in the year 1927. There were also five terminal elevators in 1935, in addition to the terminal at Buffalo.

The loyalty of the members also shows itself in a substantial increase in working capital during the year. The total current assets at this time were \$12,777,382, and total liabilities \$5,794,702. The difference between these two amounts, less the sum necessary for the completion of the new season's building programme, left a working capital of \$6,820,179.90. The only direct liability remaining was that to the provincial government on account of the 1929 overpayment, which had been reduced from the original amount of \$13,752,000 to \$12,271,522 as at July 31st, 1935. The agreement with the government provided for retirement of the liability by nineteen equal payments on an amortization basis.

Further, the year 1935 showed an increase in growers' equity of \$305,815.49 over the previous year, making a total equity of \$11,041,028.81. The growers' equity thus stood at

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47.307 per cent of the value of the company's assets, an increase of 1.692 per cent during the year.

The amount of grain handled by the Saskatchewan Pool Elevators Ltd. in the years 1924-1935, inclusive, was 754,350,272 bushels through country elevators, and 53,247,936 bushels over the platform, making a grand total of 807,598,208 bushels. During the same period the terminal elevators Nos. 4 to 8 handled a total of 590,576,736 bushels, and the Buffalo terminal elevator 131,930,775 bushels. The total earnings on account of these operations from August 1st, 1924, to July 31st, 1935, amounted to \$27,429,270.05, and the net earnings during the same period, after allowing for the payment of income tax, and the loss on the realization of assets, amounted to \$15,458,922.55.

Among the major activities of the year 1935 may be mentioned the large shipments of wheat through the Port of Churchill, this being the fifth consecutive year of operation of the Hudson Bay Route. During this five-year period a total of 12,446,000 bushels of wheat was shipped through Churchill, of which the Saskatchewan Wheat Pool supplied no less than 85 per cent. The amount shipped in the 1935 season was 2,407,000 bushels, of which the Pool supplied 2,096,000 bushels. Following the close of navigation, arrangements were made by the Pool to ship approximately 2,300,000 bushels of wheat to Churchill for winter storage. This will bring the total shipments of the Saskatchewan Pool and the Central Selling Agency to approximately 12,050,000 bushels.

Junior work was again extensively promoted, and the organization provided financial assistance to the amount of \$2,900 to the University of Saskatchewan to enable the Extension department of the University to carry on this work. During the year there were 160 Junior Grain Clubs at work, and 158 of these were affiliated with the Extension Department. These clubs have given the Junior members very valuable experience, both from an educational and business standpoint, while it is also found that such a club, if well organized, may be able to supply the district in which it is situated continuously with good seed grain. An effort to organize similar clubs for girls, with the assistance of the Homemakers' Clubs of the province, and the Household Science Department of the University was also under consideration.

During the year extensive experimental work was carried on in connection with a Barley Variety Testing Project, as outlined by the National Barley Committee, in order to obtain definite and accurate information with regard to the agronomic values and malting qualities of the most commonly grown varieties of barley. This work was being carried on on the 320 plots operated by the Junior co-operators, and also on two special plots in each of the sixteen Wheat Pool districts, or a total of 352. This was



regarded by the directors as "probably the largest experiment of its kind ever undertaken on the continent." The organization also joined with the Saskatchewan Co-operative Wholesale Society in the distribution of twine and coal.

An interesting feature was that during the year ending July 31st, 1935, 588 applications were received, each for one share of stock in the Saskatchewan Co-operative Wheat Producers Ltd., and additional applications received up to the end of October, 1935, brought the number of shareholders of the company to 105,275, thus demonstrating the faith of the farming community in the organization in spite of all the difficulties and discouragements it had had to contend with.

In concluding their annual report the board of directors said, in part: "While no spectacular accomplishments have been recorded in this report, the year under review has shown sound progress and development. The financial position of the organization has been strengthened, and the volume of business handled, in percentage of total deliveries, increased in spite of crop failure over a wide area of the province.

"This progress can be regarded as indicating increasing confidence, not alone in the Saskatchewan organization, but in the agricultural co-operative movement generally. . . . We believe that the application of time-tried and tested co-operative principles holds a greater promise of better things for the farmers of Saskatchewan than any other experimental economic theories which are being advanced from time to time."

Thus, we bring to a close our account of the progress of the Saskatchewan Wheat Pool, an organization which, in spite of the bitter attacks of the grain trade and its friends, had been of immense benefit to the producers of the province, and had maintained its stability through six years of the greatest economic depression the world has ever yet known. Attacks innumerable have been made on the pooling principle. Efforts without number have been made to prove that pooling was of no benefit either to the producer or to the general public, even during the earlier years when the entire wheat-growing West was experiencing substantial benefits arising from a satisfactory price, plus the more even distribution of currency over the whole year, as a result of the system of initial, interim and final payments adopted by the Pool.

Up to that time, outside the ranks of the private grain trade—which could no more be expected to fall in love with an organization and a system that were aimed at its very existence, than the liquor trade could be expected to agree to its own extinction—the results of the pooling system were acclaimed throughout the West, and had conditions remained normal there seems not to be the slightest reason to believe that pooling would have been discontinued. If the slump was disastrous to the Wheat

## THE SASKATCHEWAN WHEAT POOL

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Pool and its marketing system, it was no less disastrous to trade, industry and commerce, not only throughout Canada, but throughout the civilized world. While pooling of wheat, therefore, has been discontinued for the time being, at least, owing to the setting up of a government Wheat Board, it cannot with any reason be claimed that it has been discredited.

There were, of course, weaknesses in Pool administration and policy. Such are to be expected in any human organization. One great error on the part of the board of the Central Selling Agency was in allowing itself to become obligated to so great an extent to the chartered banks of Canada, instead of attempting to arrange a line of credit with the great Co-operative Wholesale Societies of Great Britain, which credit might have been liquidated to a great extent by the sale of wheat and coarse grains direct to the consumers' societies of the Old Country.\* Such an arrangement would probably have been welcomed by Old Country co-operators, as it would have established a bond of sympathy between producers and consumers which would have been of the utmost value to the whole movement. One thing is certain, however, whatever faults there may have been in the past in the management of the pools, the farmers of the West will never again have confidence in the private grain trade and its manipulation of the crop.

Writing on this point in 1931, the Winnipeg correspondent of *The London (England) Times* said: "Even those farmers who admit the weakness of the past policy of the Pools would be reluctant to return to the open system of marketing solely through the organizations of the private grain trade. The tradition of agrarian bitterness against the grain trade is too deeply entrenched to be forgotten, and farmers who have established a co-operative system of 1,000 elevators and complete terminal facilities will never abandon the means thereby provided for keeping in their hands the profits of grain handling." As this quotation indicates, the farmers of Saskatchewan have, in the Saskatchewan Pool

\*As mentioned on page 217, such an arrangement was suggested by a director of the Scottish Co-operative Wholesale Society, Ltd., on Dec. 11, 1926, but no action was taken by the Pool or the Central Selling Agency. This is confirmed by a letter to the author under date of Feb. 16, 1938, which reads, in part, as follows:

"A copy of your letter, dated Jan. 18, to our Head Office in Scotland has been received here, and I have been asked to reply to the second paragraph of your letter.

"The writer has no knowledge of the Pools ever having suggested to our Society the question of financing them. Outside the grain business we have had no trading relations with the Pools.

"JOHN B. FISHER,

"Canadian Manager,

"Scottish Co-operative Wholesale Socy. Ltd.

"Winnipeg, Man."

The above letter is now in possession of the publishers.



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Elevators Ltd., a tremendous asset which in itself is a guarantee of permanency, whatever changes may be brought about in the marketing system in the future.

The farmers of the West began the struggle for complete control of the marketing of their own product in order to free themselves from the evils of the grain trade, and it may be that circumstances may yet compel them to carry the fight to its logical conclusion. This would not necessarily rule out, whenever desirable, some degree of governmental control, such as limitation of acreage, or the adoption of export quotas, which latter was attempted prior to the time the 1935 government wheat board was set up.

## CLOSER CO-OPERATION WITH CONSUMERS ESSENTIAL

In adopting such a policy, however, it would be essential to take a broader outlook than has been the case in the past. The Western wheat pools cannot afford to overlook the possible effect of their policy on the ultimate consumer of their product. When the pools were first established it was asserted again and again that their object was not to raise the price to the consumer; but, merely by eliminating private profit, to narrow the spread so that the producer would receive a larger and fairer return without affecting the price that must be paid by the consumer. Yet little real effort was made to convince the latter of the genuineness of these intentions; and so the fear inevitably grew, even among overseas co-operative consumers, that the pool movement, though avowedly co-operative in character, was opposed to the interests of the largest class of all—the ultimate consumer. However pure their motives, pool members and officials must realize that, by the very nature of its set-up, the pool—and this would apply more especially to a 100 per cent pool—is in its very essence monopolistic. That being the case, its future development would need to be guarded with the utmost care to see that it does not fall into the evil ways that have always pertained to monopolies in the past, viz., the fixing of prices with a view to a realization of the ultimate in profit, but leading also to the general exploitation of the consumer. This is a very real danger, especially if the concept of an international pool should be revived; and, unlikely though it may appear at the present time, who can guarantee that the future will not bring about such a development? This danger could be averted only by a closer co-operation between the pools and the International Co-operative Alliance, an alliance of producing, distributive and other co-operative societies, with which the Western pools must maintain a much closer contact if they are to achieve their fullest usefulness.

## THE SASKATCHEWAN WHEAT POOL

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Writing on this subject in *The Scottish Co-operator* on December 11, 1926, in the early days of the pool movement, W. Gallacher, a Director of the Scottish Co-operative Wholesale Society, said, in part: "It is only through consumers' co-operation that we can eliminate the element of profit in trade. Co-operative organizations such as the wheat pools must, therefore, be related to and linked up with the consumers' co-operative movement if they are to be really co-operative in spirit as well as in name. The consumers' movement of this country (Great Britain), with its wonderful network of retail societies and its unrivalled distributive organization, is the most fitting and most efficient channel through which the wheat pool can reach the British consumer. *The two movements can be made complementary to each other. It might be possible to finance the pool from this side, and so keep it free from all capitalistic influences. That would merely mean advancing money for which we would later receive Canadian wheat.* There can be no doubt that considerable economies could be effected by bringing into close contact the machinery of the two movements. An attempt ought to be made at the earliest possible moment to establish some sort of working arrangement with the wheat pools and to create, as a beginning, a form of joint council, where representatives of the producers and the consumers would meet to discuss and decide, not merely prices of grain, but how best to utilize the great principles of co-operation which underlie both movements in the interests of Canadian producers and British consumers, and for the greater extension of co-operation among the nations of the world."

It is most unfortunate that this course was not followed from the first. Had it been, in all human probability the position of the pools at this time would have been infinitely better than it is.

If we may judge from a resolution adopted by the delegates to the annual meeting of the Pool in November, 1923, the opinions set out were in accord, to a considerable extent at least, with the views advanced in previous pages of this work. The resolution expressed the opinion that when the world wheat agreement expired, federal and provincial legislation should be passed to establish grower-controlled marketing organizations for farm commodities when a specified percentage of producers have signified their support.

This resolution undoubtedly had in mind the legislation which was later placed on the Dominion statute book under the title of "The Natural Products Marketing Act," and it seems pretty evident that they looked forward to the inclusion of wheat in any scheme that might be set up. Unless, therefore, they have since lost their vision of the complete control of their principal product, they must again, sooner or later, take up the struggle, and the task must not be relinquished until the means have been found

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to carry the matter to a successful conclusion. If they are true co-operators, they must cease entirely to rely upon governments, and put their trust only in their own efforts.

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AUTHOR'S NOTE.—This story was completed prior to the outbreak of the Great World War of 1939 to 1945, with all its wartime restrictions and innumerable controls.

What changes in marketing may be brought about during the years that lie ahead no one can foretell. Producers, therefore, should not lose sight of the fact that there cannot be any guarantee of permanency in any government policy, since a revulsion of political feeling may at any time sweep away whatever favourable marketing legislation may have been placed upon the statute books.\*

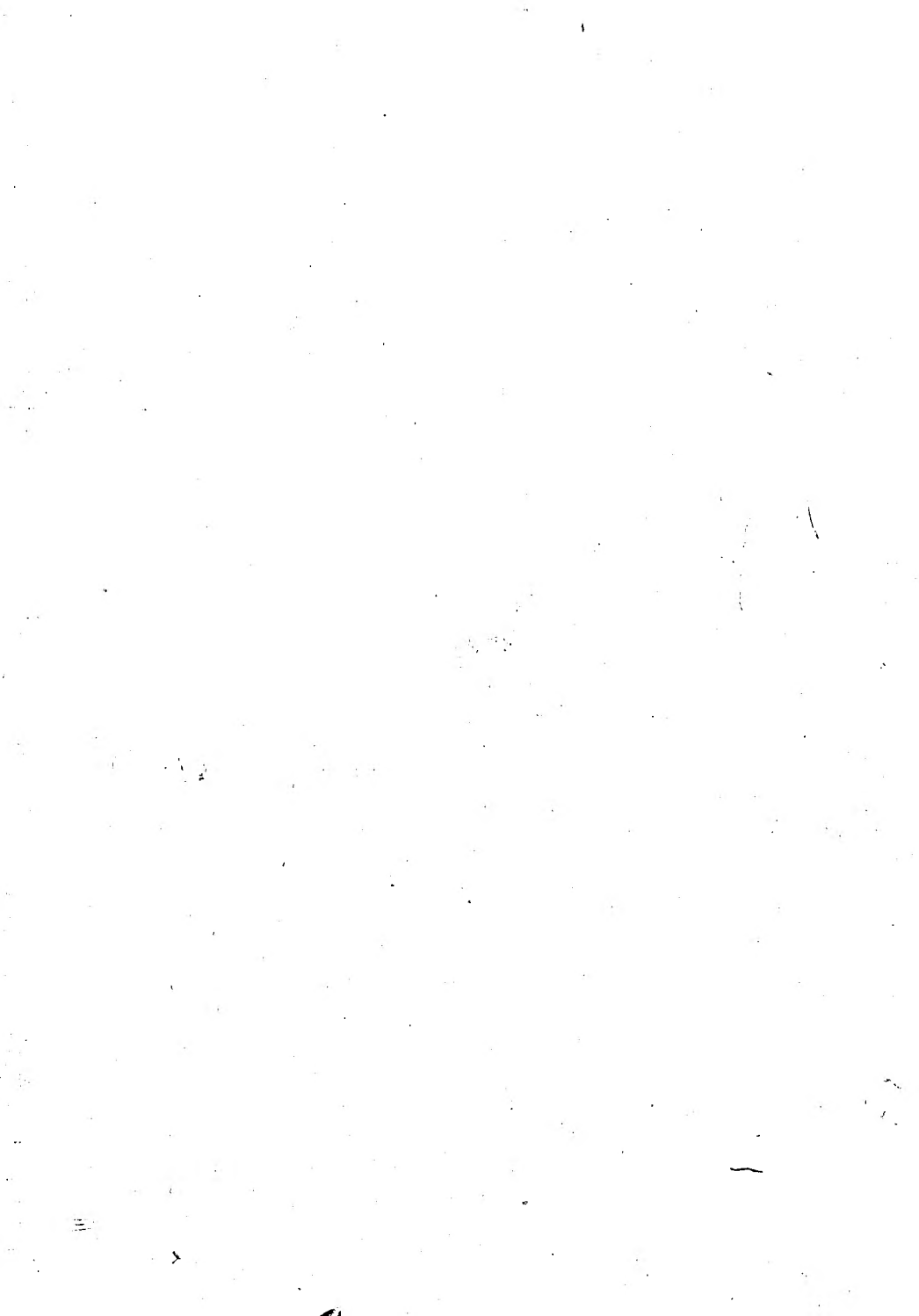
As already recorded in the foregoing pages, since the year 1935 Canadian producers have had no voice whatever in the disposal of their own grain, while the voices of the friends of the Grain Exchange have by no means been silenced. Producers, therefore, must at all times be prepared again to take up the fight for full control of the marketing of their crop through their own organization; though, it is to be hoped, with some provision for consumer representation in order to guard against the possibility of a renewal of the charge, or suspicion, of monopolistic price control in the future, such as that which aroused so much antagonism among the members of co-operative organizations and consumers in general in Great Britain in the early years of the Pool movement.

*\*See statement by Mr. Brouillette on page 198.*

*Printed in Canada By*  
DIGGON-HIBBEN LIMITED  
VICTORIA, B.C.



1947



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## THEIR FINEST HOUR

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Turning back the pages of history as they relate to the farmers' movement of Saskatchewan, *The Western Producer*, in its issue of October 24, 1946, says:

"When governments failed them (the farmers) and the possibility of establishing a Wheat Board was completely lost, they fell back on their own resourcefulness. They decided to organize a Wheat Pool through which they themselves would market their grain. . . . Even those who took a leading part in it are still staggered when they look back and recall the maze of seemingly insuperable obstacles that had to be overcome. But they were all overcome, and the job was done. Up to that time—and up to this—that was the farmer's greatest accomplishment—his greatest hour."

Read the inspiring story of this great accomplishment as portrayed in the present volume—"The Saskatchewan Wheat Pool—Its Origin, Organization and Progress."

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